housing matters

annual report

2009/10

BC Housing

BRITISH COLUMBIA
The Best Place on Earth

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The following appendices are located on BC Housing's website at www.bchousing.org

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Joint Message from the Chair and Chief Executive Officer

Our 2009/10 Annual Report highlights achievements in implementing programs and initiatives that are making a real difference in people's lives.

This difference is perhaps most pronounced among those who have successfully moved from the street to safe, affordable and permanent housing. Measures that have been put into place with our partners to break the cycle of homelessness are working. Last year 5,543 homeless people were housed as a result of the *Homeless Outreach* and *Emergency Shelter* programs. Over 400 new supportive housing units were created under the *Provincial Homelessness Initiative,* and construction is underway at many of the 17 housing developments where the Province has committed to create 1,066 units of new supportive housing units through agreements with local governments. Health and life-safety renovations were completed at nearly all of the 26 government-owned single room occupancy hotels in Vancouver, New Westminster and Victoria providing approximately 1,560 homes for the homeless and at-risk individuals. Our research shows that 89 per cent of homeless individuals remain housed six months after placement. These and other initiatives are part of the provincial strategy, Housing Matters BC, that was introduced in 2006 to strengthen our response to those in greatest housing need.

The ability of low-income working families and seniors to afford their monthly rent significantly improved as a result of financial assistance they received through the *Rental Assistance Program and the Shelter Aid for Elderly Renters (SAFER)* program. In 2009/10, over 7,000 new households benefited from this assistance, bringing the total to 25,000 households who participated in these programs last year. Low and moderate income seniors and persons with disabilities will also benefit from more affordable housing through the *Seniors' Rental Housing* initiative. Over the past year we established partnerships with the federal government, local governments and housing providers that will create over 1,000 new homes in smaller communities across the province through this new initiative.

The year was not without its challenges. As with other Crown corporations, we implemented budget measures to mitigate pressures to remain within the provincial operating budget of just over $390 million. Our emphasis on developing strategies to manage expenditure growth, contain costs and maximize program effectiveness, as well as working closely with community, housing provider and government partners to leverage both expertise and resources, helped to offset some of these pressures. In 2009/10, for example, we launched the $177 million cost-shared *Housing Renovation Partnership,* a joint agreement with the federal government to provide funding to renovate and retrofit over 100 social housing buildings in greatest need of repair throughout the province.

ABOUT THIS ANNUAL REPORT

The 2009/10 BC Housing Annual Report was prepared under the Board of Commissioner's direction in accordance with the *Budget Transparency and Accountability Act* and the BC Reporting Principles. The Board is accountable for the contents of the report, including what has been included in the report and how it has been reported.

The information presented reflects the actual performance of BC Housing for the twelve months ended March 31, 2010 in relation to the September 2009 Service Plan Update.

The measures presented are consistent with BC Housing's mandate, goals and strategies, and focus on aspects critical to the organization's performance. The Board is responsible for ensuring internal controls are in place to ensure performance information is measured and reported accurately and in a timely fashion.

All significant decisions, events and identified risks, as of March 31, 2010, have been considered in preparing the report. The report contains estimates and interpretive information that represents the best judgment of management. Also identified in this report are any changes to mandate, direction, goals, strategies, measures or targets made since the September 2009 Service Plan Update was released, and any significant limitations in the reliability of data.

In 2009/10 we met or exceeded 10 of our 14 performance measures. Strategies are in place to address variations from service plan targets. They include community development initiatives and building improvements to support tenant satisfaction, developing an improved methodology to measure our performance in ensuring adequate provisions for future requirements of the social housing portfolio, and energy retrofits to reduce GHG emissions in our public housing stock.

We are proud of our contribution over the past year to create a lasting 2010 Olympic housing legacy in the province. Through partnerships with the Vancouver Olympic Committee (VANOC), local governments and community organizations, 320 temporary modular housing units from the Olympic and Paralympic Village in Whistler will be reconfigured and relocated to create 156 permanent, affordable housing units in: Chetwynd, Chilliwack, Enderby, Saanich, Sechelt and Surrey. Once redeployed, this legacy housing will address needs specific to each community including low-income seniors, persons with disabilities and the homeless.

Over 93,000 individuals and families in 200 communities were served through our programs and initiatives in 2009/10. This is an achievement we share with all our partners. In the year ahead we look forward to building on these achievements, and also expanding our involvement with the residential construction industry and consumers as we take on new responsibilities under the *Homeowner Protection Act*.

Brenda Eaton
Chair, Board of Commissioners

Shayne Ramsay
Chief Executive Officer

Our Strategic Framework

Mandate, Vision and Values

Our mandate is to fulfill the provincial government's commitment to the development, management and administration of subsidized housing as reflected in an Order-in-Council under the *Housing Act* establishing the British Columbia Housing Management Commission (BC Housing) in 1967.

Our vision is housing solutions for healthier futures.

Our values are integrity, respect and commitment.

HOUSING MATTERS BC: A HOUSING STRATEGY FOR BRITISH COLUMBIA

As set out in the Shareholder's Letter of Expectations, BC Housing's priority is to fulfill the government's commitment to meet the housing needs of British Columbians as set out in the provincial housing strategy Housing Matters BC.

The framework for the evolution of the housing sector, including the business direction for BC Housing, is guided by Housing Matters BC. This provincial housing strategy contains six goals, each of which is client-focused. BC Housing is a major contributor in ensuring these goals are met through a variety of programs and partnerships.

1. The homeless have access to stable housing with integrated support services
2. B.C.'s most vulnerable citizens receive priority for assistance
3. Aboriginal housing need is addressed
4. Low-income households have improved access to affordable rental housing
5. Homeownership is supported as an avenue to self-sufficiency
6. B.C.'s housing and building regulatory system is safe, stable and efficient

The Shareholder's Letter of Expectations

The Shareholder's Letter of Expectations (SLE) describes the relationship between BC Housing and the provincial government, and mandates direction from government to BC Housing. The SLE ensures a mutual understanding between the shareholder and BC Housing on governance issues, corporate mandate, core services, public policy issues, strategic priorities and performance expectations. A copy of this Letter can be viewed at www.bchousing.org (see About BC Housing).

Our core business areas and services are aligned to fulfill our mandate, shareholder's expectations and policy directions under Housing Matters BC. The chart below summarizes key directions established in our SLE and key accomplishments for 2009/10.

SLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
The homeless have access to stable housing with integrated support services	
■ Work with other provincial ministries, health authorities, the non-profit and private sectors, local governments and others to establish long-term housing and support services to respond to the needs of homeless/at risk individuals through the *Provincial Homelessness Initiative,* including supportive housing through *Memoranda of Understanding* agreements with local governments	■ Created 400 new supportive housing units for the homeless through the *Provincial Homelessness Initiative* and commenced development on over 700 MOU units across the province
■ Manage the emergency shelter program and continue the shift to making shelters gateways to stable housing and support services	■ Completed health and life-safety renovations at provincially-acquired single room occupancy hotels and provide housing and support services to individuals who are homeless/at risk
■ Work with the Ministry of Housing and Social Development to enhance services for income assistance clients	■ Through the *Supportive Housing Registration Service* connected over 500 individuals at risk of homelessness with supportive housing
■ Connect homeless people to income assistance, stable housing and community-based health services through the *Homeless Outreach Program* and the *Aboriginal Homeless Outreach Program*	■ Over 800 chronically homeless individuals housed through participation in the Provincial Homeless Intervention Project – including over 380 through the *Supportive Housing Registration Service*
	■ 5,543 homeless people were housed through the *Homeless Outreach Program* and through gateway services offered through the *Emergency Shelter Program*
B.C.'s most vulnerable citizens receive priority for assistance	
■ Work in partnership with provincial health authorities, the non-profit and private sectors, local governments and others to deliver the *Independent Living BC* program for seniors	■ Completed 180 units under *Independent Living BC*
■ Improve access to, and maximizing the use of, government-owned public housing for those with complex housing and health needs through initiatives such as the *Seniors' Rental Housing* initiative and the *Seniors' Supportive Housing* program	■ Converted 114 subsidized housing units under the *Seniors' Supportive Housing* program to supportive housing units for low-income seniors who need some assistance to continue to live independently
	■ *Seniors' Rental Housing initiative* funding has been allocated for the creation of over 1,000 units of housing for seniors and people with disabilities in communities across the province

The Shareholder's Letter of Expectations *(continued)*

SLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
B.C.'s most vulnerable citizens receive priority for assistance	
■ Create affordable housing for seniors and people with disabilities through the *Seniors' Rental Housing* initiative	■ Through the *Women's Transition Housing and Supports Program*, work is underway with our partners to explore opportunities to address the housing and support needs of women and children fleeing violence
■ Provide a continuum of housing options for women and their dependent children fleeing violence including transition houses, safe homes, second stage housing, and strengthening linkages with service providers	■ Through the *Housing Renovation Partnership* (HRP) committed $177 million in federal and provincial funding to renovate and renew 20 single room occupancy hotels, 52 public housing buildings and 29 social housing buildings across the province
■ Renovating and retrofitting social housing in greatest need of repair throughout the province through the *Housing Renovation Partnership* initiative	■ Completed a capital asset management framework to align the public housing stock with current and future housing needs
■ Manage comprehensive re-development plans for appropriate subsidized housing sites to further the objectives	
Aboriginal housing need is addressed	
■ Support Aboriginal capacity building in the area of housing and transferring administration of additional housing units to the Aboriginal Housing Management Association	■ Created 56 new units of affordable housing for Aboriginal individuals and families under the *Aboriginal Housing Initiative*
	■ Administration of 565 social housing units transferred to the Aboriginal Housing Management Association
Low-income households have improved access to affordable rental housing	
■ Find innovative ways to deliver on BC Housing's mandate and provide support for innovative projects initiated by others	■ Created 120 units through the *Community Partnerships Initiative*
■ Assist seniors and low-income working families who rent housing in the private market with rent subsidies through the *Shelter Aid for Elderly Renters* and *Rental Assistance Program*	■ Provided 24,568 families and seniors with rent assistance through the Rental Assistance Program and the *Shelter Aid for Elderly Renters* program
■ Administer the *Housing Endowment Fund*	■ Found appropriate housing for more than 2,200 applicants in subsidized housing through *The Housing Registry*
	■ Responded to over 100,000 calls through BC Housing's inquiry line
	■ Approved funding of almost $25.8 million for 48 innovative new housing projects through the *Housing Endowment Fund*

SLE HIGHLIGHTS	KEY ACCOMPLISHMENTS
Homeownership is supported as an avenue to self-sufficiency	
■ Find innovative ways to deliver on BC Housing's mandate and provide support for innovative projects initiated by others	■ Created innovative affordable homeownership initiatives for low and moderate-income households, such as mixed tenure housing developments in Salmon Arm and Victoria that provide affordable rental and homeownership housing
B.C.'s housing and building regulatory system is safe, stable and efficient	
■ Work with the Ministry of Housing and Social Development to effect the transfer of the Residential Builder Regulatory System to BC Housing	■ Effected the transfer of Homeowner Protection Office, including the licensing, new home warranty insurance and research and education functions, as a new branch of BC Housing commencing April 1, 2010

ENVIRONMENTAL SUSTAINABILITY

BC Housing's sustainability strategy called *livegreen: A Housing Sustainability Action Plan* sets out our vision of being a leader in North America in developing and managing environmentally sustainable social housing. This supports our shareholder's expectation of "incorporating environmentally responsible construction and management techniques into new builds and existing developments" as well as taking a broader approach to sustainable housing and business practices. The plan's three main objectives focus on:

- Reducing energy consumption and implementing measurable sustainability improvements across social housing buildings and BC Housing's operations;
- Engaging stakeholders, employees and social housing tenants in positive sustainability actions; and
- Encouraging B.C.'s residential construction sector to practice sustainable construction and property management.

The *livegreen* plan is aligned with the Province's Climate Action Plan to reduce greenhouse gas emissions and our carbon footprint. Our performance measure "Reduction in Greenhouse Gas Emissions" tracks our progress in bringing about environmental sustainability while carrying out our mission. The new *Housing Renovation Partnership* initiative, for example, will enable us to make a significant difference in our GHG emission reductions as we carry out renovations and retrofits of social housing developments throughout the province.

livegreen

Descriptions of BC Housing programs can be found at www.bchousing.org

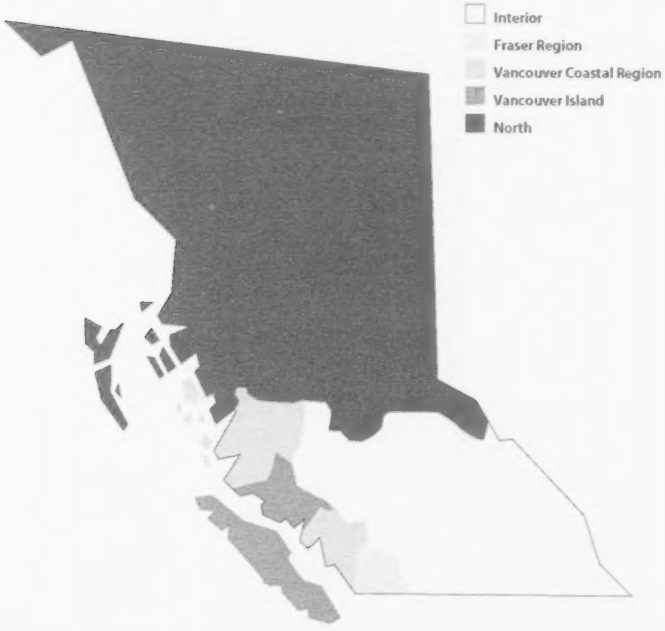
Who We Serve

GOVERNMENT-ASSISTED HOUSING FOR THOSE IN GREATEST NEED

In total, about 93,000 households in about 200 communities throughout British Columbia were assisted through subsidized housing in 2009/10. This total includes some 800 housing providers – mostly non-profit societies and housing co-operatives – managing about 58,000 of these units and BC Housing managing 7,200 public housing units. Also included are about 27,800 households receiving financial assistance to make their rent more affordable in the private market.

The majority of British Columbians are housed successfully in the private housing market. However, there are households that are unable to find suitable housing in the private market. Households spending 50 per cent or more of their income on rent for adequate housing are considered to be in highest need and at risk of economic eviction or homelessness.

The map below shows BC Housing's service regions. Using 2006 Census data, the table shows the general distribution of households paying 50 per cent or more of their income on rent and those assisted through the current inventory of subsidized housing units and rent supplements.



INTERIOR	
Total number of households	269,100
Households spending > 50% of their income on rent	8,700
Households assisted through subsidized housing	13,288
FRASER REGION	
Total number of households	514,100
Households spending > 50% of their income on rent	18,200
Households assisted through subsidized housing	26,641
VANCOUVER COASTAL	
Total number of households	419,400
Households spending > 50% of their income on rent	23,300
Households assisted through subsidized housing	32,671
VANCOUVER ISLAND	
Total number of households	297,800
Households spending > 50% of their income on rent	12,100
Households assisted through subsidized housing	15,549
NORTH	
Total number of households	100,300
Households spending > 50% of their income on rent	2,600
Households assisted through subsidized housing	4,868

Total number of households and number of households spending more than 50 per cent of their income on rent is based on 2006 Census data produced by Statistics Canada. The number of households assisted through subsidized housing is BC Housing data from 2009.

Many of our programs and initiatives are designed primarily to address the needs of those who require affordable housing in combination with support services in order to maintain successful tenancies, lead healthier lives and participate more fully in their communities. The following is a summary of some of the groups in greatest housing need.

INDIVIDUALS WHO ARE HOMELESS

- Homelessness is a concern for many communities throughout B.C. Some reports estimate the cost of homelessness to the health, social, and justice systems to be over $55,000 per person per year (Centre for Applied Research in Mental Health & Addiction, Simon Fraser University).
- Challenges to finding appropriate housing for people who are homeless are multi-faceted. They may be housing-related, such as affordability, availability or suitability, or a combination of life events, including disabilities, health and mental health issues, addictions, social exclusion, joblessness or a breakdown of relationships.

FRAIL SENIORS AND INDIVIDUALS WITH SPECIAL NEEDS

- The population of seniors will increase from 15 per cent of B.C.'s population in 2009 to 24 per cent in 2036, putting pressure on social housing. The age 80+ senior population will grow from four per cent in 2009 to seven per cent in 2036 (BC Stats).
- People who require special-needs housing include those with severe physical disabilities or mobility issues, chronic mental illness, those living with HIV/AIDS, and drug and alcohol dependencies.
- Frail seniors and individuals with special needs require a range of support services to help them have more stable lives, and supportive housing allows them to live independently.

ABORIGINAL INDIVIDUALS AND FAMILIES

- Aboriginal people are disproportionately represented among those who are homeless.
- More than 22.3 per cent of off-reserve Aboriginal households are in core housing need compared to 14.2 per cent for non-Aboriginal households (Statistics Canada 2006).

WOMEN AND CHILDREN FLEEING VIOLENCE

- From 1999 to 2004, it is estimated that more than 100,000 women in B.C. were victims of spousal violence (Statistics Canada 2006).
- Women and children fleeing violent relationships require immediate access to safety, shelter, food, crisis intervention and social service referrals.

LOW-INCOME SENIORS AND FAMILIES

- Approximately 64,900 households in British Columbia are unable to find housing that is suitable in size and in good repair without spending 50 per cent or more of their income on rent (Statistics Canada 2006).
- Adding to this challenge is the extremely low vacancy rate in many areas.

CONSUMER PROTECTIONS FOR NEW HOME BUYERS

- Through its new responsibilities under the *Homeowner Protection Act*, BC Housing plays a role in strengthening consumer protection for buyers of new homes in British Columbia and help improve in the quality of residential construction for the benefit of both consumers and the industry. In 2008/09 there were 5,400 licenses issued to residential builders (new and renewals), nearly 3,000 owner builder authorizations issued (single detached homes) and over 19,000 new homes enrolled in home warranty insurance for the benefit of the buyers.

BC Housing's Role in the Housing Continuum

BC Housing's role is to assist British Columbians in greatest need of affordable and appropriate housing by providing options along the continuum. The housing continuum extends from emergency shelter and housing for the homeless through to affordable rental housing and homeownership. Where there are gaps in the housing continuum, they are addressed through the creation of new housing options or by adapting existing housing.

The diagram below illustrates BC Housing's role within this continuum in 2009/10, including the portion that is government assisted with differing levels of support services as well as the development of rental and homeownership opportunities for low and moderate income households.

Government-Assisted Housing
(Accounts for almost 6% of the province's total housing stock)

Level of Support Services

HIGH | MODERATE | LOW

DEPENDENT — INDEPENDENT

9,097	18,558	40,481	24,881		
Emergency Shelter & Housing for the Homeless	**Transitional Supportive & Assisted Living**	**Independent Social Housing**	**Rent Assistance in the Private Market**	**Private Market Rentals**	**Homeownership**
9,097 homeless individuals assisted including: › 2,422 homeless served nightly in shelters › 5,543 homeless housed › 1,132 homeless rent supplements **$195.8 million**	18,558 individuals assisted including: › 6,015 people with special needs › 11,806 frail seniors › 737 spaces to serve women and children fleeing violence **$108.3 million**	40,481 households assisted including: › 20,729 low-income seniors › 19,752 low-income families **$240.7 million**	24,881 low-income households assisted including: › 15,931 seniors › 8,950 families **$75.8 million**	Partnership initiatives to develop affordable rental units for low and moderate income households	Partnership initiatives to develop affordable homeownership units for low and moderate income households

How We Serve British Columbians

Every aspect of BC Housing's business is centered on our clients. To best serve those in greatest need for housing and support services, we have created relationships with key partners to work together to provide housing options. Below are descriptions of how we do business in partnership.

POLICY PARTNERS

By working collaboratively, government is able to ensure that BC Housing's programs and services are aligned with the provincial housing policy. Our policy partners within the Ministry of Housing and Social Development are responsible for provincial housing policy, building and safety standards and residential tenancy. Our partners across government also include the Ministry of Health and the Ministry of Aboriginal Relations and Reconciliation.

DELIVERY PARTNERS

Housing assistance is provided through a number of mechanisms including public, non-profit and co-operative housing, as well as through rent assistance to people living in the private rental market. BC Housing provides financial, administrative and technical support to its delivery partners, in addition to administering long-term operating agreements and the provision of housing subsidies. BC Housing's role is one of stewardship and accountability.

SERVICE PARTNERS

BC Housing engages in innovative service partnerships that integrate housing and support services to meet tenants' needs and ensure stable tenancies. These service partnerships involve other levels of government, health authorities and service providers. For instance, through our *Homeless Outreach* and *Emergency Shelter* programs and the *Supportive Housing Registration Service*, BC Housing is a key partner in the Ministry of Housing and Social Development's Homelessness Intervention Project.

INDUSTRY PARTNERS AND CONSUMER ORGANIZATIONS

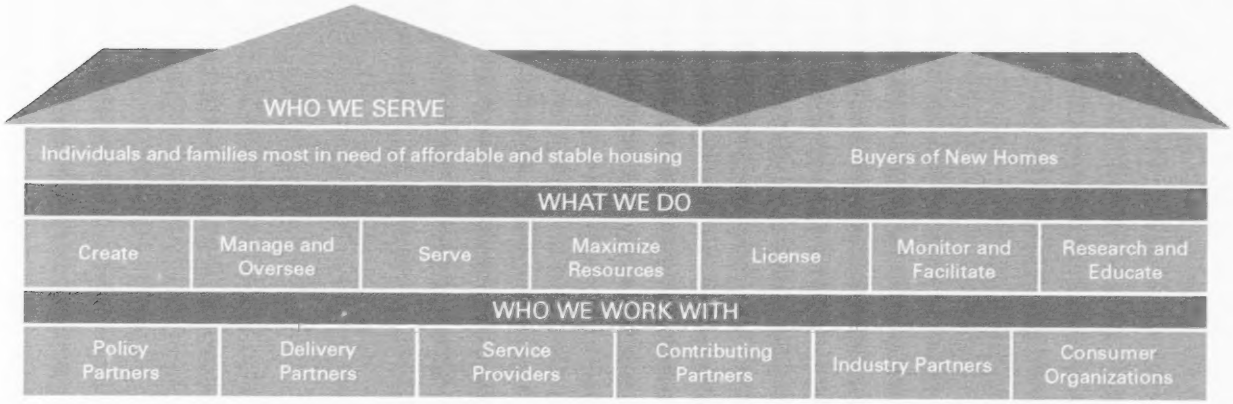
BC Housing works with a wide range of industry partners and consumer organizations in its role under the *Homeowner Protection Act* to strengthen consumer protection for buyers of new homes, including licensed residential builders and building envelope renovators, owner builders, warranty providers, insurance brokers acting as agents for warranty providers, consumer and industry associations, homeowners, homebuyers, other regulatory agencies, educational organizations and building officials. A joint service delivery model involving other partners minimizes program costs. The licensing and home warranty insurance system is delivered in partnership with private-sector insurance companies approved by the Financial Institutions Commission to provide home warranty insurance in British Columbia.

CONTRIBUTING PARTNERS

The investment required to create new housing necessitates a partnership model. No one level of government can do it alone. A public-private partnership model for the development of new housing combines funds from all levels of government and leverages private, non-profit and charitable sources. Municipal governments can contribute through expediting approval processes, waiving development construction costs and offering reduced property taxes, as well as making land available for new housing. The federal government can contribute capital funding to support new and existing social housing. Funding for the ongoing delivery of government-subsidized housing comes from a number of different partners including BC Housing, other provincial ministries and the federal government. Research and education activities under the *Homeowner Protection Act* continue to be funded primarily by builder license fees and Owner Builder Authorizations. However, BC Housing works with key industry groups and other levels of government to lever and attract additional funding for cost-effective research and education initiatives in the residential construction sector.

Key Relationships

This diagram illustrates BC Housing's relationships with our key partners and how we work together to provide housing options. This diagram takes into account our new responsibilities under the *Homeowner Protection Act*.



Organizational Structure

Corporate Governance

BOARD OF COMMISSIONERS

BC Housing is responsible to the Minister of Housing and Social Development through a Board of Commissioners. The government appoints the Board to oversee policy implementation and direction for the organization and, in cooperation with senior management, to set strategic direction. The Board also monitors BC Housing's performance based on the Province's planning and reporting principles. The Board delegates responsibility for the day-to-day leadership and management to the Chief Executive Officer.

The Board incorporates best practices into its governance procedures as guided by the Best Practice Guidelines on Governance and Disclosure for Public Sector Organizations. As requested in the guidelines, BC Housing's disclosure is available on our website at www.bchousing.org

STANDING COMMITTEES OF THE BOARD OF COMMISSIONERS

The following three standing committees support the role of the Board of Commissioners in fulfilling its obligations and oversight responsibilities.

1
Audit and Risk Management Committee

ensures that the audit process, financial reporting, accounting systems, management plans and budgets, and the system of corporate controls and risk management are reliable, efficient and effective.

2
Corporate Governance Committee

ensures that BC Housing develops and implements an effective approach to corporate governance. This enables the business and affairs of the Commission to be carried out, directed and managed with the objective of enhancing value to government and the public.

3
Human Resources Committee

provides a focus on senior management human resource and compensation issues.

STANDARDS OF CONDUCT

The Standards of Conduct guide the conduct for the board, employees, consultants and contractors and suppliers. The Board of Commissioners adheres to the following standards of conduct when exercising its powers and performing the functions of the organization:

- To act honestly, in good faith and in the best interests of BC Housing;
- To exercise care, skill and diligence in decision making; and
- To follow ethical standards in order to avoid real or apparent conflict of interest between Commissioners' private interests and the interests of BC Housing.

The policy is available on BC Housing's website at www.bchousing.org.

Organizational Chart

The following chart highlights BC Housing's key service areas and the responsibilities and accountabilities in each area.

Minister of Housing and Social Development, *Honourable Rich Coleman*

Board of Commissioners, *Brenda Eaton, Chair*

Chief Executive Officer, *Shayne Ramsay*

OPERATIONAL BRANCHES

Operations
Vice President: Margaret McNeil

- Provides access to subsidized housing
- Maintains the quality of existing social housing
- Oversees the management of public housing and group homes
- Administers operating agreements of shelter providers, women's transition house providers, outreach program providers, non-profit housing societies

Development Services
Vice President: Craig Crawford

- Facilitates the development of housing options through the following programs:
- *Independent Living BC*
- *Provincial Homelessness Initiative*
- *Community Partnership Initiatives*
- *Aboriginal Housing Initiative*
- *Housing Endowment Fund*
- *Seniors' Supportive Housing*
- *Seniors' Rental Housing*

Homeowner Protection Office
(as of April 1, 2010)
Vice President and Registrar: Wendy Acheson

- Carries out statutory responsibilities under the *Homeowner Protection Act* as Registrar of builder licensing and owner builder exemptions, and ensures compliance with the Act
- Monitors and facilitates the performance of the third-party home warranty insurance system

Asset Strategies
Vice President: Michael Blaschuk

- Provides portfolio planning and strategies for the maintenance, capital improvement, redevelopment and sustainability of social housing assets
- Coordinates major repairs, renovations, capital improvements and energy retrofits for social housing
- Administers the *Housing Renovation Partnership*

SUPPORT BRANCHES

Corporate Services
Vice President and Chief Financial Officer: Dan Maxwell

- Provides operational services including finance, information systems, research and planning, legal and program analysis
- Provides mortgage administration for BC Housing and the Provincial Rental Housing Corporation
- Carries out research and education related to residential construction and consumer protection

Human Resources
Vice President: Agnes Ross

- Recruits and trains staff
- Facilitates labour relations, negotiations, compensation, job evaluation, payroll, benefits management, employment equity and multiculturalism
- Oversees occupational health and safety
- Develops leadership, employee engagement and retention strategies

Corporate Communications
Vice President: Susan Thom

- Provides a broad range of internal and external communication services including communication strategies, media relations, issues management, housing events/announcements, government and stakeholder relations, website management and publications

RELATIONSHIP TO THE PROVINCIAL RENTAL HOUSING CORPORATION

The Provincial Rental Housing Corporation (PRHC) was incorporated in 1973 under the *Business Corporations Act* and exists solely as BC Housing's land-holding company. It holds provincially owned social housing properties (public housing), and leases residential properties to non-profit societies and co-operatives. As of March 31, 2010, PRHC held properties with an original cost of $740 million.

The Minister of Housing and Social Development is the sole shareholder of PRHC. Because of its relationship with BC Housing, PRHC is administered by BC Housing. To ensure the appropriate governance links between the two entities, senior management of BC Housing serve as PRHC's Directors. PRHC does not employ any staff.

Operating Context

Our success in meeting our goals, objectives, strategies and measures is influenced by many factors. The following is a summary of our internal and external operating context over the past year. A risk-management approach is used to assess challenges and opportunities, and to determine the appropriate strategies for responding.

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Strength of the Economic Recovery	Higher incidence of housing need and greater demand on programs	■ Leveraged resources through partnerships ■ Developed and implemented new strategies to deliver programs and services more efficiently and cost effectively ■ Continued to identify opportunities to create more options along the housing continuum
Pressures in the Rental Housing Market	Very little purpose-built rental housing is being constructed, and can be unaffordable for many people	■ Preserved and protected existing affordable rental housing, including single room occupancy hotels, through strategic acquisitions ■ Leveraged federal infrastructure funding for new rental housing through the *Seniors' Rental Housing* initiative ■ Partnered with non-profit housing providers to explore options for the creation of affordable rental housing ■ Continued effective rental assistance programs
Homelessness	To break the cycle of homelessness so that individuals, with outreach and supports, can successfully move from the street and shelter system into stable housing with supports	■ Enhanced homeless outreach and emergency shelter "gateway" services ■ Established partnerships with local governments and housing providers for new supportive housing ■ Continually improved integration of programs and services, e.g., participation in the Homelessness Intervention Project ■ Monitored and reported outcomes
Not-In-My-Back-Yard (NIMBY)	Community opposition can emerge when developing new housing as a result of fear and uncertainty	Worked with housing partners to: ■ Ensure that surrounding communities learn more about the developments ■ Enable general public and local governments to deal with opposition and move towards acceptance of housing projects
Strong Demand for Affordable Housing	The demand for affordable housing exceeds the supply of resources as indicated by the more than 10,000 applicants currently listed in *The Housing Registry*	■ Gave priority to those in greatest need ■ Improved housing application and selection processes ■ Improved ability to match applicants with suitable housing ■ Piloted new models of support services in public housing buildings

Operating Context *(continued)*

EXTERNAL FACTORS	CHALLENGES	OPPORTUNITIES AND STRATEGIC RESPONSES
Aging Social Housing Portfolio	Some of the buildings that make up the social housing portfolio are aging, require repair, and their mortgages are beginning to expire. Also some developments are located on large parcels of land in central locations that could potentially accommodate more housing	■ Created a portfolio management framework that incorporates best practices for governance, portfolio planning, information management systems, investment analysis and stakeholder engagement ■ Utilized the *Housing Renovation Partnership* to renovate and retrofit social housing in greatest need of repair throughout the province
Labour Supply, Aging Demographics and Internal Capacity	Like many other organizations, BC Housing is experiencing a shrinking labour pool from which to draw new employees, and many employees are retiring or are becoming eligible to retire	■ Executed the second generation of our *People Strategy* to attract and maintain an engaged workforce for the benefit of all clients and stakeholders
Enhanced Federal-Provincial Relationship	Participation from the federal government helps to respond more effectively to growing demand for affordable housing and the needs of the housing sector	■ Created partnerships with the federal government for the delivery of new programs, e.g., *Seniors Rental Housing initiative, Housing Renovation Partnership*
Aboriginal Capacity Building	The number of Aboriginal people living off-reserve who are homeless or in core housing need is higher than the incidence of need in the larger population	■ Worked with the Aboriginal Housing Management Association to ensure the on-going successful transition and management of the off-reserve Aboriginal housing portfolio ■ Created new housing through the *Aboriginal Housing Initiative*
Environmental Sustainability	As much of the existing housing stock has been constructed over the past two to three decades, there are challenges associated with reducing greenhouse gas emissions in these buildings	■ Carried out energy audits and retrofits on social housing buildings ■ Implemented our *livegreen: A Housing Sustainability Action Plan* that is focused on sustainability improvements in new and existing social housing
Effective Management Strategies	BC Housing and housing providers share a common interest in establishing effective program management strategies that strive for innovation and harmonization	■ Worked with housing providers to implement effective strategies ■ Identified opportunities to strengthen our relationship with non-profit housing providers
Sector Sustainability	BC's social housing stock is supported by a large and diverse group of housing providers with a range of portfolios, experience and capacity	■ Worked with the BC Non-Profit Housing Association and the Co-operative Housing Federation of British Columbia to promote sharing of resources, expertise, research and best practices that will benefit the sectors

Report on Performance

This section sets out BC Housing's Report on Performance for 2009/10 based on targets established in the 2009/10 Service Plan Update. Targets for 2010/11 to 2012/13 are also shown for convenience.

Our Performance Measurement Framework (PMF) provides strong linkages with the province's key strategies as set out in Housing Matters BC. We continue to focus on ensuring alignment with our long-term strategies and shorter term goals and objectives, and work to strengthen our reporting and measurement framework.

An overview chart of our PMF is shown on pages 18-19. Further information on our PMF and performance measure targets can be found in the appendices:

Appendix A: Changes in Reporting
Appendix B: Disclosure of Key Reporting Judgments

Both appendices can be found on our website at www.bchousing.org

BC Housing's PMF in the 2010/11 - 2012/13 Service Plan has been adjusted to include one additional goal, two new objectives and two new performance measures related to BC Housing's new responsibilities under the Homeowner Protection Act as of April 1, 2010. However, this Annual Report does not report the 2009/10 performance related to the former Homeowner Protection Office. The Homeowner Protection Office will report on this in a separate Annual Report that can be found at www.hpo.bc.ca.

BC Housing Performance Overview – 2009/10

GOALS	OBJECTIVES	MEASURES	07/08 RESULTS
Goal 1: Respond to gaps in the housing continuum	Increasing housing options	Number of new units/beds created in priority areas	2,437
		Number of new households assisted through rent assistance programs	7,847
	Adapt existing stock to target resources to vulnerable households	Number of existing units adapted to higher priority needs	674
Goal 2: Protect and manage existing housing for the long term	Maintain the quality of existing assets	Percentage of clients reporting satisfaction with the quality and safety of their housing	78%
		Percentage of social housing providers meeting financial and operational standards	93%
	Adequate provisions for future requirements	Ratio of replacement reserve contributions to actual expenditures	1.40:1
Goal 3: Provide access to appropriate housing and services for vulnerable British Columbians	Ease of access to housing	Percentage of new applicants reporting satisfaction with the process	90%
		Percentage of nights where shelters are at full occupancy	42%
		Percentage of homeless individuals accessing housing who remain housed six months after placement	New Measure 2008/09
	Available housing targeted to vulnerable citizens	Percentage of clients belonging to priority groups in subsidized housing	79%
		Controllable administration costs as percentage of program delivery costs	7.5%
Goal 4: Organizational excellence	Financial and operating success	Per-square-foot construction costs	Within 4.73% of private sector benchmark
	Environmental leadership in the housing sector	Percentage reduction in greenhouse gas emissions	New Measure 2008/09
	High level of employee engagement	Employee engagement index	Top quartile

08/09 RESULTS	09/10 TARGETS	09/10 RESULTS		10/11 TARGETS	11/12 TARGETS	12/13 TARGETS
1,794	663	1,755	Target Achieved	1,481	1,513	682
9,007	4,700	7,011	Target Achieved	5,000	5,000	4,000
1,212	850	1,248	Target Achieved	950	800	800
77%	78%	74%	Target Not Achieved	74%[2]	75%	76%
93%	90%	90%	Target Achieved	90%	90%	90%
1.15:1	1.12:1	0.99:1[3]	Target Not Achieved	1.04:1	1.04:1	1.02:1
87%	90%	89%	Target Not Achieved	90%	90%	90%
40%	50% or less	42%	Target Achieved		Measure Replaced[4]	
87%[5]	Minimum 60%[6]	89%	Target Achieved	85%	85%	85%
82%	82%	85%	Target Achieved	83%	84%	84%
8.2%	10% or less	8.2%	Target Achieved	10% or less	10% or less	10% or less
3.95%	Within 5% of private sector benchmark	4.3%	Target Achieved	Within 5%	Within 5%	Within 5%
2%[7]	10% from 2005/06 levels	7%	Target Not Achieved	15% from 2005/06 levels	20% from 2005/06 levels	25% from 2005/06 levels
Top quartile	Top quartile	Top quartile	Target Achieved	Top quartile	Top quartile	Top quartile

[1] The tenant satisfaction target is lower than previous years due to a revised survey methodology, and emphasis on providing housing to more vulnerable clients.

[2] The result reflects the integration of the older federal social housing portfolio that has experienced higher than anticipated expenditures due to its physical condition.

[4] This measure has been replaced by the measure, Percentage of Homeless Individuals Accessing Housing who Remain Housed Six Months after Placement.

[5] Based on partial-year data given the measure's six month reporting time period and commencement of data collection by service providers as of April 1, 2008.

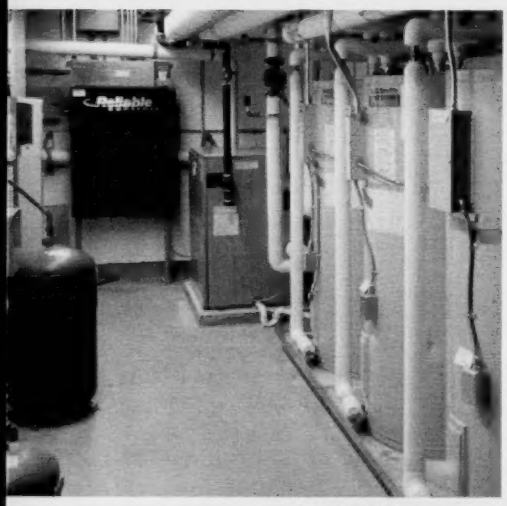
[6] The target for 2009/10 was based on preliminary research in other jurisdictions (prior to availability of baseline data) while future targets reflect baseline data and expected performance.

[7] As a result of a data correction, the 2008 reported result has changed from a six per cent reduction in GHG emissions to a two per cent reduction. The 2008 data quality issues and are explained in Appendix B.

Goal 1 Respond to Gaps in the Housing Continuum

One of our key goals is to respond to gaps along the housing continuum and expand the range of housing choices and supports for British Columbians in greatest need. We do this by creating new subsidized and supportive housing units through our development programs, providing financial assistance to low-income seniors and families renting in the private market, and adapting existing social housing to target those in greatest need to support successful tenancies. Each of these strategies relies on establishing successful partnerships with non-profit housing providers, government partners and community organizations.

The measures and targets for this goal track BC Housing's performance in increasing housing options in subsidized and private rental housing, and making more effective use of existing social housing units.

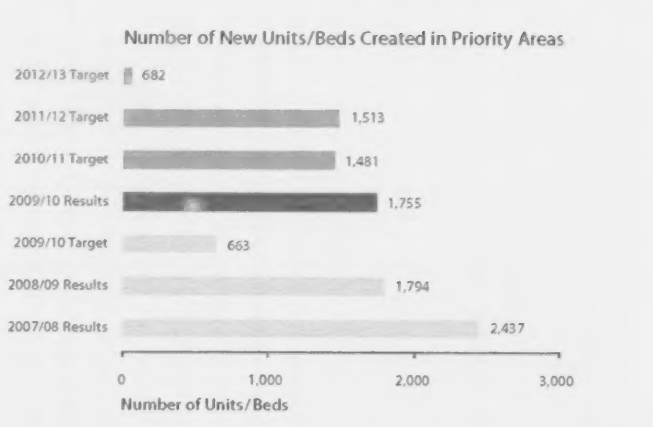


Objective: Increasing Housing Options

MEASURE: NUMBER OF NEW UNITS/BEDS CREATED IN PRIORITY AREAS

Importance of the Measure

This measure looks at BC Housing's performance with respect to creating new units on the supportive end of the housing continuum. The targets are based on the completion of new units (or short-stay emergency beds in some cases) under existing funding programs, such as *Provincial Homelessness Initiative, Independent Living BC, Seniors' Rental Housing, Memorandums of Understanding* negotiated with local governments, *Community Partnership Initiatives* and *Aboriginal Housing Initiative*. These programs add new units for priority groups such as frail seniors, Aboriginal households, people with physical and mental disabilities as well as individuals who are homeless, many of whom are living with mental illness, addictions and other challenges.



Performance Results

In 2009/10, we created 1,755 new units, thereby surpassing our target of 664 through a combination of lower construction costs, increased provincial funding and innovative partnerships. This includes four units and 176 rent supplements under *Independent Living BC*, 399 units under the *Provincial Homelessness Initiative*, 187 under the *Community Partnerships Initiative*, 56 under the *Aboriginal Housing Initiative*, 75 units created under the *Provincial Housing Program* and eight units created under a *Memorandum of Understanding* with local government. In addition, there were 114 shelter beds created, 46 group homes, 66 additional rent supplement units, 140 units under the *Housing Endowment Fund*, and a further 484 units of affordable housing created through innovative partnerships. These units were added in 31 communities throughout the province.

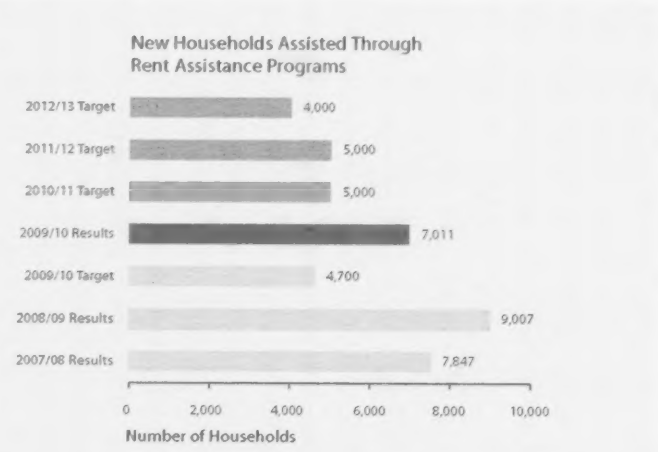
Objective: Increasing Housing Options *(continued)*

MEASURE: NUMBER OF NEW HOUSEHOLDS ASSISTED THROUGH RENT ASSISTANCE PROGRAMS

Importance of the Measure

This measure looks at the success of BC Housing's rent assistance programs, *Shelter Aid For Elderly Renters* and the *Rental Assistance Program*, in improving access by low-income households to affordable rental housing. These programs assist working families and seniors who do not have enough income to secure housing in the private rental market by helping to bridge the gap between what a household can afford to pay and market rents, thereby providing a greater range of housing choice.

Target levels reflect estimated program take-up based on past trends as well as the projected level of future demand for the client groups. It is anticipated that the number of new applicants will increase up to around 5,000 in 2010/11.



Performance Results

As of March 31, 2010 there were a total of 7,011 new households receiving financial assistance for their rent, including 3,821 low-income families and 3,190 senior households. The greater than expected uptake of recipients can be attributed to two factors: the downturn in the economy likely made more families eligible for assistance in 2009/10 and our improved ability to process outstanding applications from the fourth quarter of 2008/09.

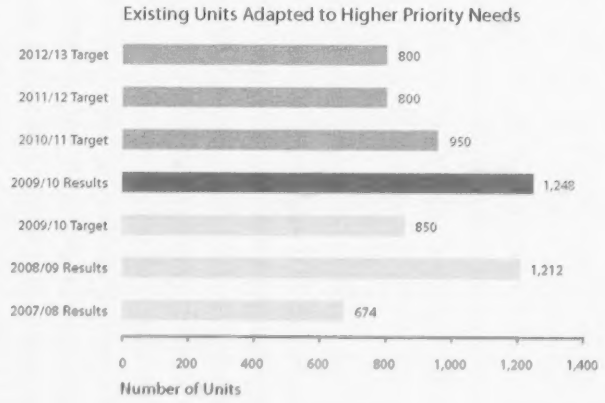
Objective: Adapt Existing Housing Stock to Target Resources to Those Most in Need

MEASURE: NUMBER OF EXISTING UNITS ADAPTED TO HIGHER PRIORITY NEEDS

Importance of the Measure

This measure looks at BC Housing's performance in ensuring that those most in need receive priority for housing assistance through the conversion, adaptation or re-targeting of existing social housing units. Partnerships, including those with local health authorities, government ministries, local agencies and service providers, are critical to achieving our targets.

Targets are based on historical data on the number of individuals and households assisted through the *Health Services* and *Priority Placement* programs, as well as other partnership initiatives. The targets also reflect the expected availability of resources as well as past experience in finding suitable partnership opportunities in the community.



Performance Results

For 2009/10 we were able to exceed the target by adapting 1,248 existing housing units for priority groups when compared to the target of 850 for 2009/10. This increase was in large part due to increased provincial funding for housing higher priority tenants. There were 1,032 individuals with a mental illness or alcohol and drug addiction assisted through the *Health Services Program* and 102 women and children fleeing abuse were assisted through the *Priority Placement Program*. There were 114 units completed under the *Seniors' Supportive Housing Program*. The *Supportive Housing Registration Service* connects homeless individuals with appropriate housing and services in Vancouver, which contributed to exceeding the target. This number is likely to have peaked during 2009/10 and is expected to decline once all of the single room occupancy hotel units with support service partnership arrangements have been occupied.

Future Directions

Creating new units in partnership with housing providers, community organizations and government partners will continue to be a major priority as we move forward with new initiatives. Of particular importance over the next year will be the development of new supportive housing for the homeless as identified through *Memoranda of Understanding* with local governments across the province. We are also exploring opportunities to create more housing options at the affordable rental and ownership end of the housing continuum. We will continue to adapt existing housing to meet changing needs, and will as much as possible, establish partnerships with community groups and service providers to increase access to social housing and support for people who are in greatest need.

Goal 2 Protect and Manage Existing Housing for the Long-term

The existing portfolio of social housing represents home for approximately 65,000 individuals and families across the province. This housing contributes to the quality of life for residents and to the social fabric of communities. We work in partnership with housing providers to ensure that the housing is well managed and maintained, and that adequate provisions are in place for future requirements as buildings age.

Our performance in meeting this goal is measured from a variety of perspectives, including tenant satisfaction, successes of social housing providers in meeting financial and operational targets, and the level of funding set aside for future improvements to the housing stock.

Objective: Maintain the Quality of the Existing Assets

MEASURE: PERCENTAGE OF CLIENTS REPORTING SATISFACTION WITH THE QUALITY AND SAFETY OF THEIR HOUSING

Importance of the Measure

Feedback from tenants living in public housing is obtained through an annual survey. The results help us to determine whether tenants are satisfied with their housing and receiving the services and support they need. Year-over-year results are analyzed across developments and client groups, thereby helping to provide important insight that is used to strengthen and improve the services we provide.

The measure reports on the percentage of tenants indicating that they are either very satisfied or satisfied with their overall housing situation. Future targets are slightly lower than historical results reflecting several factors: a change in the survey methodology (see Appendix B for details), disruptions resulting from major building renovations and repairs at some sites, and our emphasis on providing housing to more vulnerable clients and the influence that this has on tenant satisfaction in buildings. Strategies are being put into place to provide additional supports to tenants and to help address issues that are identified with the quality and safety of their housing.

Performance Results

For 2009/10, 74 per cent of tenants living in housing managed by BC Housing reported that they were very satisfied or satisfied with their overall housing situation. The results are based on the responses received to the question, "How satisfied are you with your overall housing situation?" The results are lower than the established target of 78 per cent due to factors noted above. In August 2009 the tenant survey was mailed to all BC Housing tenants. Approximately 2,450 tenants responded to the survey, representing a 38 per cent response rate.

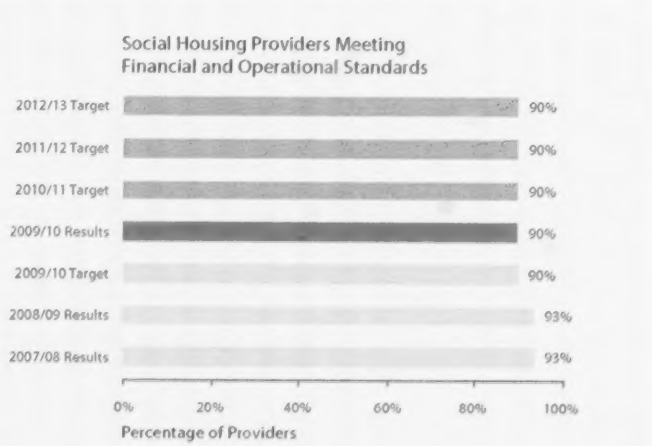
Objective: Maintain the Quality of the Existing Assets *(continued)*

MEASURE: PERCENTAGE OF SOCIAL HOUSING PROVIDERS MEETING FINANCIAL AND OPERATIONAL STANDARDS

Importance of the Measure

This measure ensures social housing is well managed, well-maintained, and protected for the long-term through financial and operational reviews. The operational review process is based upon site and building audits designed to assess housing provider performance in the following key areas: maintenance and building inspections; financial management; resident management; information and records management; and human resource management. A score is assigned based on the assessment and appropriate follow-up actions taken.

The established target of 90 per cent over the service planning period anticipates that the housing sector will continue to perform and that problems are addressed on an on-going basis.



Performance Results

We achieved the 2009/10 target with 90 per cent of housing providers meeting an acceptable standard of financial and operating standards. Where standards are not being met, a management team is working with the housing provider to address identified issues.

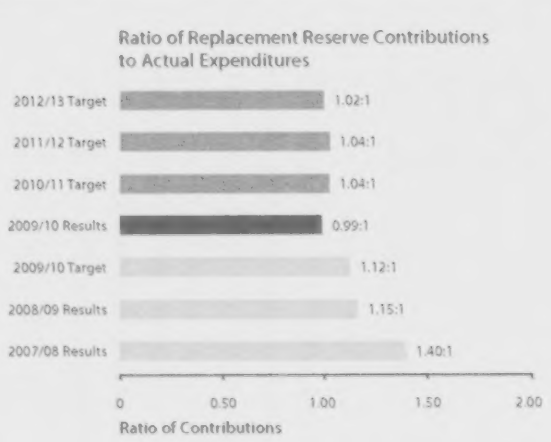
Objective: Adequate Provisions for Future Requirements

MEASURE: RATIO OF REPLACEMENT RESERVE CONTRIBUTIONS TO ACTUAL EXPENDITURES

Importance of the Measure

A replacement reserve is money set aside to refurbish or replace building components (such as roofs and appliances) that wear out over the life of a building. While the ultimate test is whether sufficient funds are available when the refurbishment is needed, an important interim test is whether sufficient money is set aside to cover a building's expected expenses over its remaining lifetime.

The reserve contribution/expenditure ratio changes with the age of buildings. The annual contribution stays the same, based on a life costing model, but the older the building, the more expenditure is required to maintain it. Hence, in the early life of a building, the ratio is high because contributions exceed expenditures. Similarly, as the building ages, the ratio falls as surplus funds are drawn down to meet the higher costs of an older building. The targeted ratio of 1.04:1 for 2010/11 means that for every $1.04 contributed to the Replacement Reserve, $1.00 will be spent on maintenance.



Performance Results

The ratio of contributions is 0.99:1, lower than the target of 1.12:1 for 2009/10. The result continues to reflect the integration of the older federal social housing portfolio that has experienced higher than anticipated expenditures due to its physical condition. The replacement reserve ratio assists in monitoring that there is enough money set aside to undertake building repairs.

Future Directions

Over the next year BC Housing, along with our federal government and non-profit partners, will be implementing revitalization projects at over 100 developments in need of repair and renovation in communities throughout the province under the *Housing Renovation Partnership*, thereby extending the life of these buildings for years to come.

We will also be placing greater emphasis on creating long-term strategies for our housing assets, bringing a stronger focus and greater capacity to plan for the maintenance, capital improvement, redevelopment and environmental sustainability of the public housing stock. It is anticipated that this focus will extend to the non-profit sector as we identify partnership opportunities to share capital asset management best practices with housing providers. For the next service planning period BC Housing is exploring the use of the Facility Condition Index as a more suitable measure to assist with strategic asset management, as the current measure, Ratio of Replacement Reserve Contributions to Actual Expenditures, is limited in its ability to assist BC Housing with portfolio planning and strategic decision making.

Community development and building improvement strategies are being put into place at our public housing buildings to ensure that tenant satisfaction with their housing remains high, particularly in view of the greater levels of support needs among tenants.

Goal 3 Provide Access to Appropriate Housing and Services for Vulnerable British Columbians

This goal focuses on working to ensure that low-income individuals and families in greatest need have access to the housing and support services they require. Many face significant barriers in accessing housing in the private market as a result of low-income in combination with a disability, health issue, mental illness, addiction or other serious circumstance such as domestic violence. Access to subsidized housing, from emergency shelter and transition houses to long-term supportive housing, plays a critical role in providing stability and needed services. Given the urgency of need, it is important to ensure that these limited housing resources are used as effectively as possible.

Objective: Ease of Access to Housing

MEASURE: PERCENTAGE OF NEW APPLICANTS REPORTING SATISFACTION WITH THE PROCESS

Importance of the Measure

This measure looks at our performance from an applicant perspective by assessing the degree to which they receive the information they need when applying for housing assistance. It is an important customer feedback mechanism designed to strengthen and improve our business processes.

This measure reports on the percentage of applicants indicating that they are either very satisfied or satisfied with the application process including information that they received and the assistance provided through BC Housing. Satisfaction levels are monitored closely to review the effects of revised tenant eligibility and selection processes (to prioritize applicants based on the depth and urgency of their housing need) and the higher level of detailed application information required for priority access to housing.

Performance Results

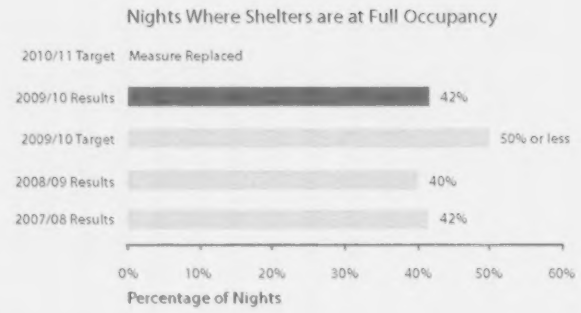
This measure reports on the percentage of applicants indicating they are either very satisfied or satisfied with the application process, including the information they received and the assistance provided through BC Housing. In 2009/10, 89 per cent of applicants were satisfied with the process, slightly below the target. We are investigating improvements to our approach to ensure that our measurement accurately reflects applicant satisfaction with the process.

Objective: Ease of Access to Housing *(continued)*

MEASURE: PERCENTAGE OF NIGHTS WHERE SHELTERS ARE AT FULL OCCUPANCY

Importance of the Measure

This measure looks at occupancy levels of emergency shelters which can influence access to services by the homeless. The target reflects the need to achieve a balance between ensuring that shelter space is well used yet minimizing instances where they are at full capacity.



Performance Results

The number of nights where shelters were at full capacity was 42 per cent in 2009/10, meeting the target of 50 per cent or less. This result indicates that overall emergency shelter space is well used (i.e. high occupancy rate over the year) with minimal instances where shelters are at full capacity. This measure will no longer be reported, and will be replaced with the measure below, which provides a better indication of success in meeting the goal of improving access to secure housing and supports for homeless individuals.

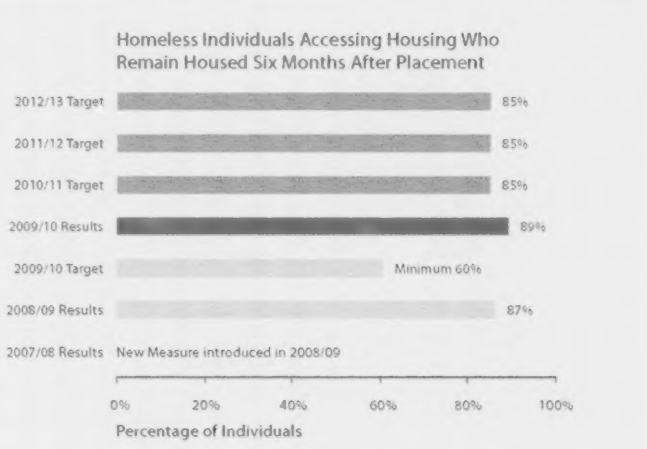
Objective: Ease of Access to Housing *(continued)*

MEASURE: PERCENTAGE OF HOMELESS INDIVIDUALS ACCESSING HOUSING WHO REMAIN HOUSED SIX MONTHS AFTER PLACEMENT

Importance of the Measure

Measuring the percentage of individuals accessing housing and remaining housed six months after placement will enable BC Housing to assess programs and initiatives that have been put into place to break the cycle of homelessness.

This measure takes into account the number of homeless people that become housed in stable environments with appropriate supports in place, aimed at preventing them from returning to the street.



Performance Results

Eighty-nine per cent of the individuals housed through homeless outreach programs between the full-year of reporting from April 1, 2009 to March 31, 2010 remained housed after six months. This means that more than 3,800 people found appropriate housing through both the *Aboriginal Homeless Outreach Program* and the *Homeless Outreach Program,* thereby exceeding the target of 60 per cent which was based on preliminary research in other jurisdictions. We now have a full-year of baseline data with which to establish future targets.

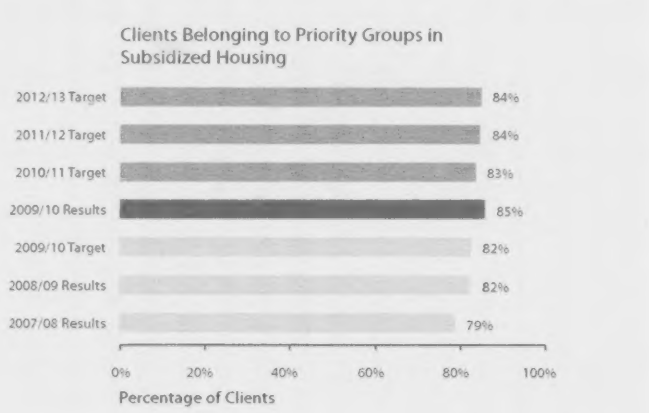
Objective: Available Housing Targeted to those Most in Need

MEASURE: PERCENTAGE OF CLIENTS BELONGING TO PRIORITY GROUPS IN SUBSIDIZED HOUSING

Importance of the Measure

This measure allows us to track our performance in ensuring that those in greatest need receive priority assistance for housing. For the purposes of this measure, low-income or frail seniors, persons with physical or mental disabilities, those with mental illness, women and children who have experienced domestic violence, those facing alcohol and drug addiction challenges, Aboriginal families and individuals, and those who are homeless or at risk of homelessness are considered to be among those in greatest housing need.

The targets are set to reflect the number of social housing households that fall within one of the designated priority groups, as well as the anticipated number of new and acquired housing units, all of which are targeted to priority groups, coming on stream during the service planning period.



Performance Results

As of March 31, 2010, 85 per cent of all households receiving housing assistance were within one of the identified priority groups. The number of new subsidized units for priority groups increased, by 1,755 units in 2009/10 as a result of new units delivered through *Independent Living BC*, the *Provincial Homelessness Initiative* and the *Aboriginal Housing Initiative*, affordable housing acquisitions and other programs. Approximately 400 units were no longer included in this measure calculation due to the expiry of these agreements in 2009/10.

Future Directions

Ensuring that those in greatest need have access to housing and support services will continue to be a priority. We will build on existing partnerships and create new ones with housing providers and community organizations to deliver outreach, shelter and supportive housing. With our government and community partners we will also focus on better integrating programs and services that play a critical role in moving people from the street to stable housing, and monitoring and reporting on outcomes. Our participation in the Homelessness Intervention Project and establishment of the *Supportive Housing Registration Service* are examples of strong government and community partnerships leading to positive outcomes for the homeless.

Following the transfer of the *Women's Transition Housing and Supports Program* and related services to BC Housing in 2009/10, we will work collaboratively with our sector partners and service providers to develop a program framework and monitoring tools to strengthen links to the continuum of housing for women and children fleeing violence. We will also continue to develop strategies for ensuring that individuals and families living in the public housing stock have access to the range of community supports they need to have successful and stable tenancies.

Goal 4 Organizational Excellence

Providing cost-effective solutions and value for money is central to BC Housing's success in building and maintaining a sustainable social housing system. The measures for this goal are about ensuring that we deliver the best possible services in a cost-effective and competent manner. We continue to identify organizational and operational efficiencies, and ensure that appropriate structures and processes are in place to control costs and manage risks. Our *People Strategy* supports organizational excellence by building on the skills, energy, talent and passion of the staff who work at BC Housing.

The goal of organizational excellence also includes our role in providing environmental leadership in the housing sector by setting targets to reduce greenhouse gas emissions and ensuring social housing buildings contribute to sustainable community development.

Objective: Financial and Operating Success

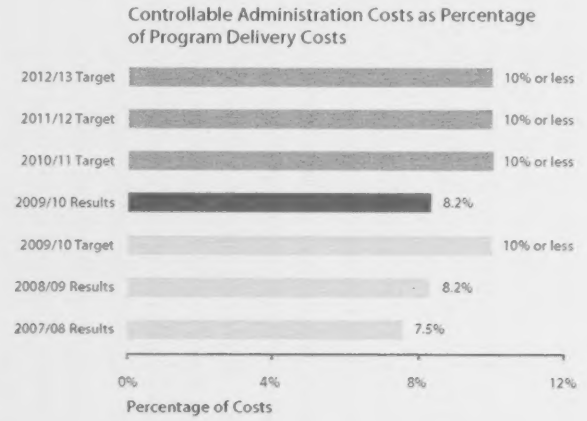
MEASURE: CONTROLLABLE ADMINISTRATION COSTS AS A PERCENTAGE OF PROGRAM DELIVERY COSTS

Importance of the Measure

This is a standard financial measure that assesses the efficiency of BC Housing's management practices by comparing the percentage of controllable administration costs to program delivery costs. The targets are set to ensure that BC Housing continues to maintain this level of performance.

Performance Results

The results for 2009/10 indicate BC Housing continues to achieve a high level of performance with 8.2 per cent of administration costs as a per cent of program delivery costs.



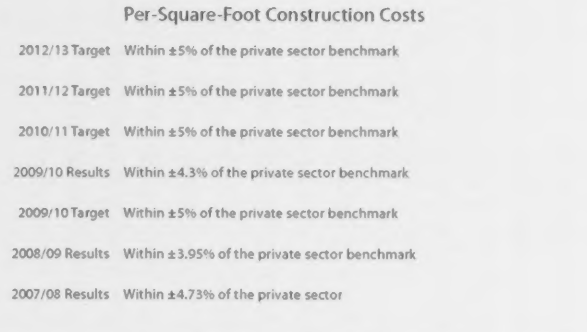
MEASURE: PER-SQUARE-FOOT CONSTRUCTION COSTS

Importance of the Measure

This measure benchmarks the per-square-foot construction cost of new housing with comparable developments in the private sector. This is an important measure of the cost-effectiveness of our development practices within the broader residential construction industry. The targets reflect construction costs that are comparable with the market and demonstrate value-for-money. Cost pressures, such as the cost of materials and availability of skilled labour, are monitored on an ongoing basis.

Performance Results

The results for 2009/10 compared a sample of nine non-profit developments with six private market developments, as well as industry data. The data showed that BC Housing's per square foot costs, which averaged $192.23 per-square-foot, were within 4.3 per cent of the costs reflected in industry data. This result shows that BC Housing is achieving costs that are comparable with the market and demonstrate value-for-money.


Per-Square-Foot Construction Costs
2012/13 Target
Within ±5% of the private sector benchmark
2011/12 Target
Within ±5% of the private sector benchmark
2010/11 Target
Within ±5% of the private sector benchmark
2009/10 Results
Within ±4.3% of the private sector benchmark
2009/10 Target
Within ±5% of the private sector benchmark
2008/09 Results
Within ±3.95% of the private sector benchmark
2007/08 Results
Within ±4.73% of the private sector

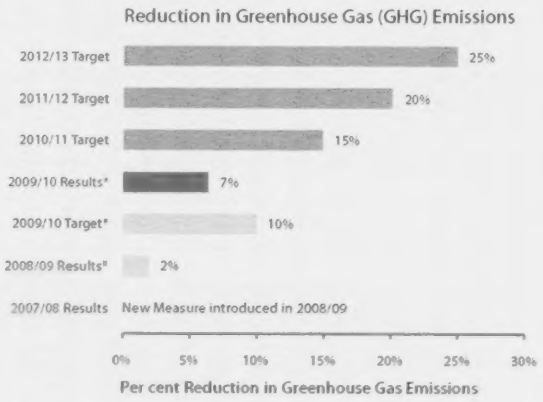
Objective: Environmental Leadership in the Housing Sector

MEASURE: PER CENT REDUCTION IN GREENHOUSE GAS EMISSIONS

Importance of the Measure

This measure tracks BC Housing's progress in reducing greenhouse gas (GHG) emissions. Setting targets of five per cent reduction per year (based on 2005/06 levels) will ensure that BC Housing is making steady progress in GHG emission reductions and will achieve carbon neutral status as soon as practical, in keeping with the *Greenhouse Gas Reductions Target Act*. This measure considers GHG emissions from activities in offices and public housing buildings.

GHG emissions are calculated based on energy consumption data. Any shortfall in reaching carbon neutrality will be made up for by purchasing carbon credits. BC Housing will use the methodology prescribed by the Province to calculate GHG emissions from energy use data and for purchasing carbon emission credits.



Performance Results

Total GHG emissions from activities in offices and public housing buildings managed by BC Housing were reduced by seven per cent in 2009 when compared to 2005. This reduction is significant but lower than the target of 10 per cent. It is expected that the established targets will be achieved but over a slightly longer time frame than originally forecast.

In order to measure GHG performance improvements independently from changes in the building stock, BC Housing also measures the following indicators:

- Tonnes of GHG emissions per tenant (public housing buildings) = four per cent reduction
- Tonnes of GHG emissions per employee (BC Housing offices) = five per cent reduction
- Tonnes of GHG emissions per square foot of floor area (public housing buildings and BC Housing offices) = five per cent reduction

* Reported GHG emission reductions in 2008/09 were overstated at six per cent. Based on improved data collection methodology and analysis, we found that the 2008/09 emissions were reduced by two per cent when compared to the baseline year of 2005. The target for 2009/10 was set at a 10 per cent reduction based on the data results from 2008/09. The 2009/10 result of a seven per cent reduction is reflective of the 2008/09 data quality issues. See Appendix B for a more detailed explanation of the results and analysis.

Objective: High Level of Employee Engagement

MEASURE: EMPLOYEE ENGAGEMENT INDEX

Importance of the Measure

Employee Engagement Index	
2012/13 Target	Top quartile of benchmark employers
2011/12 Target	Top quartile of benchmark employers
2010/11 Target	Top quartile of benchmark employers
2009/10 Results	Within the top quartile of benchmark employers
2009/10 Target	Top quartile of benchmark employers
2008/09 Results	Within the top quartile of benchmark employers
2007/08 Results	Within the top quartile of benchmark employers

BC Housing's employees play a critical role in organizational performance. Employee engagement is a productivity indicator, based on employee satisfaction and motivation. Focusing on employee engagement fosters an environment of greater creativity, innovation, organizational excellence and customer service. A significant contributor to an engaged workforce is access to leadership, learning and growth opportunities which serve to meet business objectives as well as the personal aspirations of employees. The measure is based on an annual survey that gathers feedback from staff on different aspects of their work environment. The survey is designed to gauge the extent to which BC Housing has been successful in building a culture of employee engagement and to identify opportunities for improvement. Results are benchmarked with other employers through the use of standard industry survey instruments. The target is set to ensure that employee engagement continues to be an important focus within the organization and is supported by its *People Strategy*.

Performance Results

In December 2009, 71 per cent of staff participated in a survey, and the results placed BC Housing in the top quartile of employers. BC Housing's overall scores continue to be well above average when compared to other organizations across North America. Since the survey was started in 2005, the results of the 10 benchmark questions improved by three per cent in 2007 and by nine percent to date. Overall, the results were positive in indicating engaged employees: approximately 92 per cent of respondents feel they understand the goals and objectives of BC Housing, and would recommend BC Housing as a good place to work. As well, in October 2009 BC Housing was selected as one of British Columbia's top employers for 2010.

Future Directions

BC Housing's focus on customer service, organizational excellence and innovation helps us to be a responsive organization and effectively deliver on our core business areas and key goals in a cost effective manner. Our continued focus on the multi-year *People Strategy* is a critical element in moving forward, in recruiting, retaining and engaging our employees. Our *livegreen: A Housing Sustainability Action Plan* demonstrates our vision of becoming a leader in environmental sustainability in the social housing sector.

OPERATIONAL OVERVIEW – 2009/10 ACTUALS

Funding	Program Expenditures	Service Allocation	Households Served*
Provincial Government $372.0 M	Emergency Shelters & Housing for Homeless $195.8 M	Emergency Shelters & Housing for Homeless 9,097 units	Homeless/Homeless at Risk 9,097 households
Federal Government $165.3 M	Transitional Supported and Assisted Living $108.3 M	Transitional Supported and Assisted Living 18,558 units	Special Needs 6,015 households
Tenant Rent $42.3 M	Independent Social Housing $240.7 M	Independent Social Housing 40,481 units	Women & Children Fleeing Violence 737 households
Provincial Partnering Ministries $18.7 M	Rent Assistance in the Private Market $75.8 M	Rent Assistance in the Private Market 24,881 units	Low-Income Families 28,702 households
Other $22.3 M			Seniors 48,466 households
Total Revenues $620.6 M	**Total Expenditures $620.6 M**	**Total Units 93,017**	**Total Households Served 93,017**

*Of the 93,017 households assisted, 3,798 of these were targeted specifically for Aboriginal clients.

2009/10 was another year of growth and change for BC Housing, further improving our ability to provide affordable, safe, quality housing to B.C. residents most in need. Nearly 2,400 new households were added to our portfolio, and the following new initiatives were launched or transferred to the Commission:

- A four-year $276.3 million capital grant initiative to increase the supply of housing for those at risk of homelessness under the *Memoranda of Understanding* with local governments and the Vancouver Olympic Committee (VANOC);
- A three-year $123.6 million capital grant initiative for infrastructure projects to increase the supply of provincially owned housing for seniors and persons with disabilities;
- A three-year $137.1 million capital grant initiative for infrastructure projects to renovate and modernize aging social housing stock;
- One-time Homeless Emergency Action Team (HEAT) shelter funding of $2 million; and
- Transfer of the *Transition House* programs to BC Housing with an annual budget of $31.7 million ($15.9 received for half the year in 2009/10).

ASSETS AND LIABILITIES

Total assets increased 7.2 per cent over 2008/09. This was primarily due to a $66 million increase in construction loans, a $16 million increase in short-term investments offset by a decrease in mortgage receivables of $65 million. In 2009/10, the number of development projects reaching final completion was lower than in 2008/09. This fluctuation is normal and when projects reach final completion in the fiscal years 2010/11 and 2011/12, housing societies will take-out mortgages to repay the construction loans.

The increase in short-term investments reflects the improved market conditions and a recovery of a portion of prior year losses. The decrease in mortgage receivables was also due to the improved credit market allowing the Commission to tender these outstanding mortgage receivables.

Receivables decreased by $6.1 million as the City of Vancouver fulfilled its prior year obligation to provide $5 million in funding towards single room occupancy hotels, and the Commission received a $1.7 million building envelope settlement.

BC Housing's liabilities increased 7.2 per cent since the last fiscal year. Borrowing from the provincial treasury decreased by $22 million as BC Housing was advanced $100 million in federal infrastructure funding. The advance of capital funding is reflected in the $95 million increase in deferred revenue. The federal/provincial projects are at various stages of development and these funds will be drawn down over the next two fiscal years. The $57 million decrease in grants received in advance of construction, is due to the shift in provincial funding that requires the crown to own project sites. The increase in social housing agreement reserves is again due to the improved financial market conditions and the increase in the value of the associated investments.

The amount due to the Provincial Rental Housing Corporation (PRHC) increased by $2.4 million. PRHC's Statement of Financial Position shows the significant impact from the construction that is underway for projects funded through provincial and federal infrastructure funding. The $100 million in additional construction in progress is also reflected in the $100 million increase in deferred contributions. Overall, PRHC's total assets increased by 19 per cent, or $120.5 million, when compared to the prior year.

SUMMARY OF FINANCIAL RESULTS AND BUDGET PROJECTIONS – 2005/06 TO 2012/13

(in thousands of dollars)

	2005/06 ACTUAL	2006/07 ACTUAL	2007/08 ACTUAL	2008/09 ACTUAL	2009/10 ACTUAL	2009/10 BUDGET	BUDGET VARIANCE	YEAR VARIANCE	2010/11 FORECAST	2011/12 FORECAST	2012/13 FORECAST
Revenues											
Provincial Share**	200,274	318,644	351,690	429,457	390,738	432,015	(41,277)	(38,719)	562,925	417,319	361,310
Federal Share	102,904	135,852	141,270	142,461	165,245	174,536	(9,291)	22,784	272,576	155,098	137,013
Other ***	39,944	43,044	46,801	54,730	64,640	45,861	18,779	9,910	49,321	50,482	51,821
Total Revenues	343,122	497,540	539,761	626,648	620,623	652,412	(31,789)	(6,025)	884,822	622,899	550,144
Expenditures											
Housing Subsidies	180,621	329,479	337,133	380,981	400,552	410,909	(10,357)	19,571	583,846	394,823	353,237
Rent Assistance	23,144	33,142	45,517	64,022	73,334	74,810	(1,476)	9,312	72,537	72,590	72,590
Building Repairs and Maintenance	71,491	59,044	68,804	60,629	32,849	52,677	(19,828)	(27,780)	114,049	42,798	14,430
Operating Costs	32,684	36,423	47,862	55,772	62,889	57,191	5,698	7,117	56,260	54,699	53,058
Other	35,114	39,346	40,314	65,153	50,973	56,825	(5,852)	(14,180)	58,130	57,989	56,829
	343,054	497,434	539,630	626,557	620,597	652,412	(31,815)	(5,960)	884,822	622,899	550,144
Excess of revenue over expenditures	68	106	133	91	26				–	–	–
Net Assets	1,143	1,249	1,382	1,473	1,499				1,499	1,499	1,499

* The above financial information, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles.

** In 2009/10 this includes funding of $372.0 million provided directly by the provincial government to BC Housing, plus $18.7 million in provincial funding through other provincial partnering ministries.

*** This includes tenant rent and revenues from other sources.

REVENUES

The above chart shows BC Housing's actual and forecasted revenues and expenditures from 2005/06 to 2012/13. The 2009/10 fiscal year completed with $620.6 million in revenues. This was $6 million, or one per cent, below revenues for 2008/09. This result reflects the following changes:

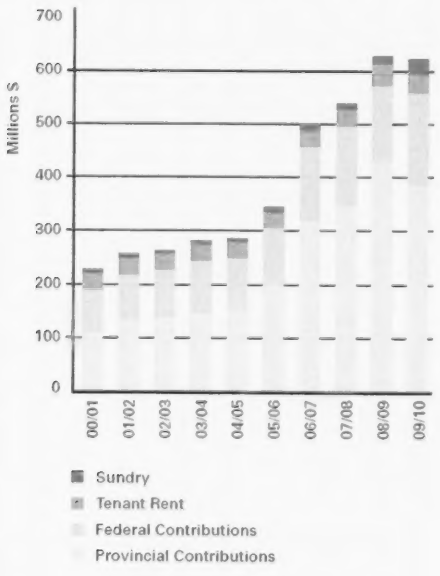
- Ongoing provincial funding to existing programs saw a net increase of $4.7 million, however overall there was a $38.7 million decrease consisting of:
  - One-time grant initiatives in 2008/09, such as the Housing Trust and single room occupancy hotel purchases, resulting in a $105.1 million comparative reduction in revenues;
  - One-time grants for new provincial and federal infrastructure initiatives resulted in a $45.8 million increase; and
  - The half-year transfer of the *Transition House* programs resulted in a $15.9 million increase.
- A $22.8 million increase in federal revenue, consisting of:
  - Capital infrastructure grants of funded under Canada's Economic Action Plan resulting in a $17.8 million increase;
  - Capital grants under the *Canada-B.C. Affordable Housing Agreement Extension* resulting in a $7.5 million increase; and
  - Application of the *Canada-B.C. Affordable Housing Agreement* funds resulting in a decrease of $2.5 million.
- A $9.9 million increase in other revenues, consisting of:
  - Rent scale changes and the implementation of operator agreements for the newly renovated single room occupancy hotels, resulting in a $3.9 million increase in rent revenues;
  - Improved investment returns, resulting in a $12.5 million increase in investment revenues;
  - One time contribution from the City of Vancouver in the 2008/09 fiscal year, resulting in a $5 million reduction by comparison; and
  - A $1.5 million net decrease in other sundry revenue items.

Revenues in 2009/10 were $31.8 million, or five per cent, below the budget as published in BC Housing's Service Plan Update (September 2009). This was primarily due to capital grant distribution and the transfer of the *Transition House Programs:*

- Original budget anticipated a full year of budget for the *Transition House* programs. One half year was transferred, resulting in a $15.9 million decrease;
- Capital work on economic stimulus projects expected to complete in 2009/10 will now complete in 2010/11, resulting in a $50.7 million decrease;
- *Housing Endowment Fund* grants and *Canada-B.C. Affordable Housing Agreement Extension* grants were issued in addition to the original budget, resulting in a $16.5 million increase;
- Investment returns were higher than anticipated, resulting in a $7.8 million increase;
- Other revenue changes, including rent revenue increases, lease revenue increases, Homeless Emergency Action Team shelter funding, and development revenue increases, resulting in a $10.5 million increase.

The chart below shows the change in revenue over the last ten years. Provincial contributions more than tripled over this period. This increase is the result of the construction of new units, transfer of programs from other ministries, and a shift to housing with supports for those most vulnerable. Federal contributions have more than doubled over the last ten years largely because of the devolution of federal social housing administration, and capital infrastructure grants funded under Canada's Economic Action Plan.

Revenue – 2000/01 to 2009/10



PROGRAM EXPENDITURES

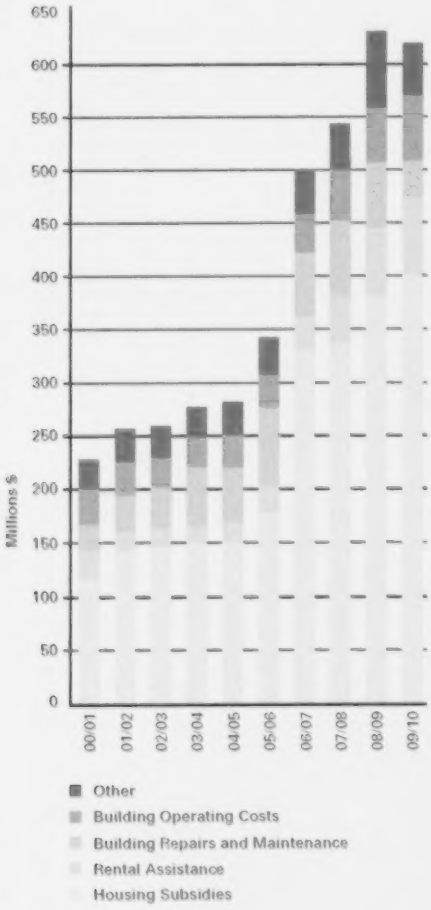
Housing subsidies to non-profits and co-op housing comprise 65 per cent of all costs and continue to be the largest component of BC Housing's budget. Rental assistance paid to tenants in the private market is the second largest component and has grown from 10 per cent to 12 per cent over the last year as a result of the growing *Rental Assistance Program* for low-income families.

The chart on page 41 shows BC Housing's expenditures over the past ten years. Total expenditures have increased about three times over this period. Both housing subsidies and rental assistance have more than tripled, rising from $120 million and $20 million respectively in 2000/01 to $401 million and $73 million in 2009/10. During this period BC Housing has added over 41,000 new households to our housing portfolio and provided an increased level of support services for those most in need.

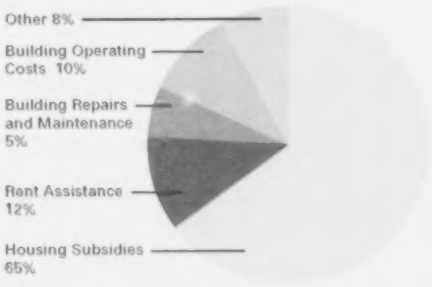
Building repairs and maintenance decreased by $27.8 or 46 per cent less than the previous year. This is a result of BC Housing taking advantage of federal and provincial infrastructure funds. These funds have allowed BC Housing to shift focus from expensing general repairs to granting major capital improvements to the aging social housing stock. This strategy helps the commission ensure that the existing housing stock is protected and managed for the long-term.

BC Housing's operating costs increased by $7.1 million or 13 per cent more than the previous year. This increase is primarily attributable to the implementation of operator agreements for the newly renovated single room occupancy hotels and affordable housing buildings apartments, some requiring 24/7 staffing and supports.

Expenditures – 2000/01 to 2009/10



Expenditures – Actual 2009/10 ($621 M)



MANAGING RISK

BC Housing uses an enterprise-wide approach to identify and manage risks. All key operating departments determine risks, challenges and opportunities. Risk management strategies are then employed to balance current and future market and budget pressures with timing and implementation strategies.

KEY RISKS	SENSITIVITIES	RISK MITIGATION STRATEGIES
Mortgage/ interest rate fluctuations	■ A one per cent increase above the budgeted mortgage rate would increase housing subsidies by about $0.9 million in 2010/11 and up to $3.8 million in 2012/13	■ Bulk tendering of mortgages ■ Laddered renewal dates with less than 20 per cent of portfolio renewed in a year ■ Staggered mortgage terms ■ Locked-in longer mortgage terms at lower interest rates ■ Low-interest construction financing to reduce new housing capital
Investment returns fluctuations	■ Volatility in the global financial markets impact the rate of return on investments	■ Engage sound investment management that balances risk and return over the long-term ■ Diversify the portfolio with a strategic asset mix of various financial instruments such as equities and bonds ■ Review and re-balance the strategic asset mix as required
Social housing building envelope repair cost increases	■ Cost estimates are subject to revision pending tear-off of building envelopes and inspection of actual damage ■ Significant cost increases and delays to repairs already planned could further delay the target completion date, resulting in more serious deterioration	■ Long-term repair strategies including detailed examinations of at-risk buildings ■ Accelerated repair program ■ Implementation of design and construction standards incorporating recommended building techniques ■ Rigorous maintenance programs for all new and repaired projects ■ Pre-qualified skilled and specialized contractors ■ Cost recovery, where feasible and warranted, from parties responsible for design, construction and inspection of buildings
Capital asset repairs	■ Aging housing buildings require significant repairs to maintain health, safety and livability	■ Redevelopment; pro-active and preventative maintenance programs prioritizing repairs ■ Implementation of sustainable, comprehensive asset strategies that yield lower future maintenance costs
Higher heating costs	■ A $1 increase per gigajoule in the price of natural gas would increase the budgeted estimates by approximately $1.9 million in 2010/11	■ Development of a retrofit strategy ■ Implementation and installation of energy efficient equipment resulting in reduced energy consumption
Higher Inflation	■ A one per cent increase above the budgeted consumer price index would increase expenses by $1.3 million in 2010/11	■ Bulk purchasing for insurance, natural gas and appliances ■ Best practices by housing providers

FUTURE OUTLOOK

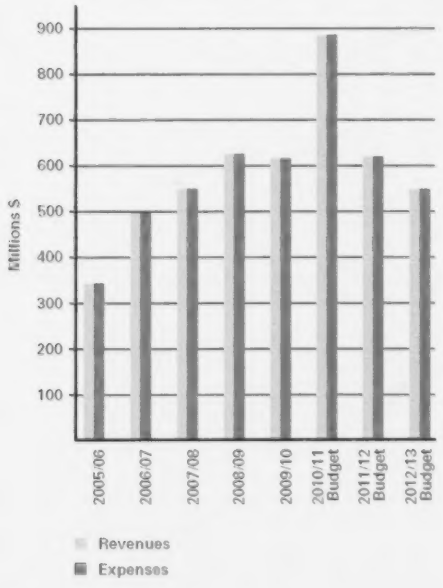
From the 2009/10 through the 2012/13 fiscal years, in addition to BC Housing's existing ongoing operating budget, the commission will receive $536.9 million in one-time capital grant funding from the provincial and federal governments. $31.6 million in federal grants have been approved under the Canada-B.C. *Affordable Housing Agreement* extension; $150.6 million in federal funds have been approved for capital infrastructure grants funded under Canada's Economic Action Plan; and $354.7 million in provincial grants have been approved for accelerated infrastructure projects.

An estimated $350.1 million worth of these grants will be spent in the 2010/11 fiscal year. This will bring the 2010/11 total approved operating budget up to $884.8 million, the largest housing budget in the province's history. This will drop down to $622.9 million in 2011/12 and $550.1 million in 2012/13 as these infrastructure initiatives complete.

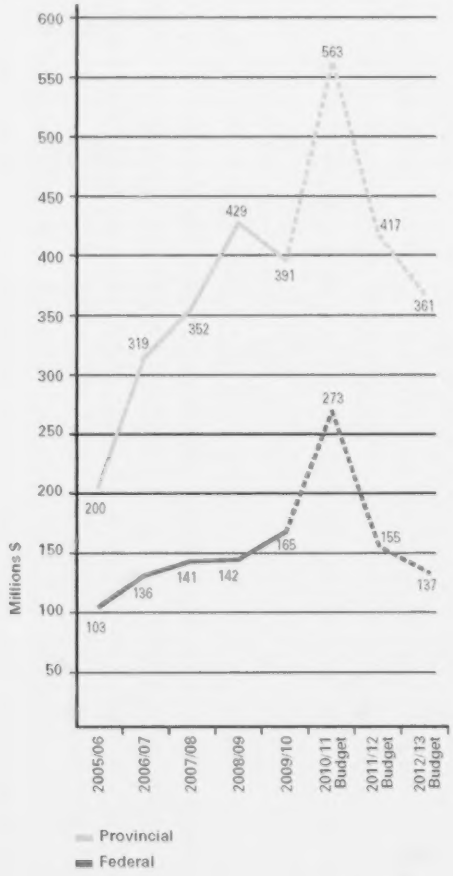
Through many cost-saving, sustainability initiatives and program delivery models, BC Housing has developed strategies to manage expenditure growth, contain costs, and maximize the effectiveness of our programs. Partnerships have been strengthened for new developments and program delivery has been streamlined, including subsidy administration. In addition, continued reductions in administration expenses and overhead, and risk management strategies, will ensure BC Housing continues to meet its mandate in a cost effective manner.

Early in the 2010/11 fiscal year, the Province of British Columbia announced a commitment to provide $205 million to create more than 1,000 additional new supportive housing units in Vancouver, in partnership with the Streetohome foundation and the City of Vancouver. The impact of this announcement is not reflected in this Annual Report as it will be integrated into BC Housing's 2011/12 Service Plan.

Revenues and Expenses



Contributions



Financial Statements

British Columbia Housing Management Commission

Financial Statements March 31, 2010

British Columbia Housing Management Commission

Financial Statements March 31, 2010

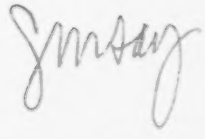
Statement of Management Responsibility

The financial statements of the British Columbia Housing Management Commission (the Commission) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 19, 2010. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Commissioners.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Commission's financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

The Board of Commissioners, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee comprised of a director who is not an employee, meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of external auditors to the Board of Commissioners. The external auditors have full and open access to the Audit and Risk Management Committee, with and without the presence of management.



Shayne Ramsay
Chief Executive Officer

Dan Maxwell
Vice President of Corporate Services
and Chief Financial Officer

May 19, 2010

Auditors' Report

To the Board of Commissioners of
British Columbia Housing Management Commission

We have audited the Statement of Financial Position of British Columbia Housing Management Commission as at March 31, 2010 and the Statements of Operations and Cash Flows for the year then ended. These financial statements are the responsibility of the Commission·s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of British Columbia Housing Management Commission as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, British Columbia
May 7, 2010

BDO Canada LLP

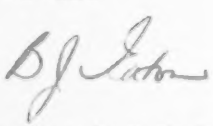
BDO Canada LLP
Chartered Accountants & Advisors
600 Cathedral Place – 925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Statement of Financial Position

British Columbia Housing Management Commission

As at March 31	2010 ($000's)	2009 ($000's)
ASSETS		
Current		
Cash	$ 5,604	$ 4,097
Short term investments	88,522	72,363
Receivables	16,096	22,202
Prepaid expenses and housing subsidies	22,826	18,343
Due from Province of British Columbia	13,138	7,498
Due from Canada Mortgage and Housing Corporation	13,702	13,647
Construction loans to housing projects (Note 3)	135,489	69,525
Current portion of mortgages receivable (Note 4)	1,397	66,793
	296,774	274,468
Mortgages receivable (Note 4)	211	106
Proposal development advances (Note 5)	156	443
Capital assets (Note 6)	14,484	15,556
	$ 311,625	$ 290,573
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 36,423	$ 34,923
Deferred revenue (Note 7)	135,573	40,330
Due to Provincial Rental Housing Corporation (Note 8)	14,177	11,808
Tenants' prepaid rent	919	726
Due to Provincial Treasury	53,026	75,201
Society funds held on deposit (Note 9)	20,784	23,730
Grants received in advance of construction (Note 10)	27,113	84,225
	288,015	270,943
Social Housing Agreement Reserves (Note 11)	22,111	18,157
	310,126	289,100
Net assets (Note 12)	1,499	1,473
	$ 311,625	$ 290,573

Commitments (Note 14) • Contingency (Note 16)
On behalf of the Board



Chair

See accompanying notes to the financial statements

Statement of Operations

British Columbia Housing Management Commission

Year Ended March 31	2010 ($000's)	2009 ($000's)
REVENUE		
Provincial contributions	$ 390,738	$ 429,457
Federal contributions	165,245	142,462
Tenant rent	42,301	38,412
Unrealized investment gains and interest	12,517	-
Other	9,822	16,317
	$ 620,623	$ 626,648
EXPENSES		
Housing subsidies	$ 400,553	$ 380,980
Rental Assistance	73,334	64,022
Salaries and labour	43,664	39,310
Operating expenses	37,317	29,700
Building modernization and improvement	18,421	46,757
Building maintenance	14,428	13,872
Utilities	9,389	9,997
Building mortgage costs	8,856	8,902
Grants in lieu of property taxes (Note 13)	7,326	7,174
Office and overhead	7,240	10,777
Unrealized investment losses and interest expense	69	15,066
	$ 620,597	$ 626,557
Excess of revenue over expenses	26	91
Net assets, beginning of year	1,473	1,382
Net assets, end of year (Note 12)	$ 1,499	$ 1,473

See accompanying notes to the financial statements

Statement of Cash Flows

British Columbia Housing Management Commission

Year Ended March 31	2010 ($000's)	2009 ($000's)
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenses	$ 26	$ 91
Adjustments to determine cash flows:		
Depreciation	7,682	7,023
Unrealized investment gains (losses)	(12,098)	14,444
Change in non-cash working capital	92,864	(14,595)
	$ 88,474	$ 6,963
INVESTING ACTIVITIES		
Short term investments	$ (4,061)	$ 13,117
Mortgages receivable	65,291	(61,809)
Proposal development advances	287	(275)
Construction loans provided to housing projects	(65,964)	10,004
Capital asset additions	(6,610)	(14,995)
	$ (11,057)	$ (53,958)
FINANCING ACTIVITIES		
Advances from Provincial Rental Housing Corporation	$ 2,369	$ (29,964)
Due to Provincial Treasury	(22,175)	74,201
Society funds held on deposit	(2,946)	2,721
Grants received in advance of construction	(57,112)	3,169
Social Housing Agreement Reserves	3,954	(5,918)
	$ (75,910)	$ 44,209
Increase (decrease) in cash	1,507	(2,786)
Cash, beginning of year	4,097	6,883
Cash, end of year	$ 5,604	$ 4,097
Supplemental cash flow information		
Interest received	772	3,299
Interest paid	$ 197	$ 1,244

See accompanying notes to the financial statements

Notes to the Financial Statements

British Columbia Housing Management Commission
March 31, 2010

1. GENERAL

The British Columbia Housing Management Commission is a Crown agency, established in 1967, responsible for developing new social housing under Provincial Housing Programs administering the Province's Shelter Aid for Elderly Renters program, and Rental Assistance Program; and administering a variety of other federal and/or provincial housing programs. The Commission manages public housing stock and administers agreements relating to units managed by housing sponsors. The Commission ensures that provincial housing policy is reflected in its programs and that these are delivered in a co-ordinated, cost-effective manner. The Commission is exempt from federal and provincial income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Use of Estimates
In preparing these financial statements, management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimating the useful life of capital assets and the write-down of proposal development advances requ ire the greatest degree of estimation. Actual results could differ from those estimates.

Revenue Recognition
Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

Tenant Rent Revenue
Tenant rent revenue represents rent charged to residents, and is determined as the lesser of market rent and a percentage of each resident's income.

Capital Assets
Capital assets are recorded at cost and depreciated over their estimated useful lives.

Commission management expanded the categories for computer software and hardware and revised the depreciation rates to reflect the extended useful life for different computer assets. Effective April 1, 2009, depreciation on different types of computer hardware and software was changed. Desktop applications and computer hardware will continue to be depreciated on a three year amortization period. However, server applications and communications hardware and components will be depreciated on a five year amortization period, and enterprise applications will be depreciated on a ten year amortization period. This is regarded as a change in accounting estimate as the previous estimated useful life of the capital assets was 3 years. The effect of this change in estimates is a net reduction to depreciation expense of $ 720,000 in the current year. The effect on future periods is impractical to estimate.

Depreciation rates on all other assets remain the same.

Employee Benefit Plans
The employees and employers of the public service contribute to the Public Service Pension Plan (the Plan), a jointly

trusteed pension plan. The PubliC Service Pension Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has about 55,000 active plan members and approximately 33,000 retired plan members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest valuation as at March 31 , 2008, indicated an actuarial surplus of $487 million for basic pension benefits. The next valuation will be as at March 31 , 2011 with results available in early 2012. The actuary does not attribute portions of the unfunded liability or surplus to individual employers. The Commission paid $3,058,652 for employer contributions to the Plan in fiscal 2010 (2009: $2,601 ,343).

Financial Instruments

The Commission's financial instruments consist of cash, short-term investments, receivables, due from the Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects proposal development advances, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit. These financial instruments are accounted for as follows:

Held-for-trading The Commission has designated cash and short-term investments as held-for-trading. These instruments are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income. Net gains and losses arising from changes in fair value are recognized immediately in income.

Loans and receivables and other financial liabilities Receivables, due from Province of British Columbia, due from Canada Mortgage and Housing Corporation, mortgages receivable, construction loans to housing projects and proposal development advances are classified as loans and receivables. Accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation, due to Provincial Treasury and Society funds held on deposit are classified as other financial liabilities.

Loans and receivables and other financial liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. These instruments are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

Given the short-term nature of receivables, due from Province of British Columbia, due from Canada Mortgage and Housing Corporation, construction loans to housing projects, accounts payable and accrued liabilities, due to Provincial Rental Housing Corporation and due to Provincial Treasury, their carrying value equates their current fair value. The current fair value of mortgages receivable is set out in Note 4. The current fair value of proposal development advances is not determinable. The current fair value of Society funds held on deposit equates to its carrying value because it accrues interest at a variable current rate.

New Accounting Pronouncements

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Commission, are as follows:

Future Accounting Framework The Commission is currently classified as a "government Not-for-Profit Organization" for financial reporting purposes under Generally Accepted Accounting Principles ("GAAP"). In March 2010, the Public Sector Accounting Board ("PSAB") released the exposure draft "Financial Reporting by Government Not-for-Profit Organizations," in which they propose that government NPO's follow the Public Sector Accounting ("PSA")

Handbook with the incorporation of the existing 4400 series (the 4400 series are the existing not-for-profit GAAP standards). This proposed change would apply beginning in the Commission's March 31, 2013 year-end, but would also be applied to comparative figures in that year. PSAB is proposing to incorporate the 4400 series without substantive modification at this time. Currently, the Commission reports based on the 4400 series layered upon accounting standards used by the private sector. With the proposed change, the underlying framework would instead become PSAB, meaning that where the 4400 series did not specifically address a financial reporting matter PSAB would apply. The impact on the Commission's future financial reporting has yet to be determined, but it is expected to be modest.

3. CONSTRUCTION LOANS TO HOUSING PROJECTS

In its capacity as a National Housing Act approved lender, the Commission funds construction draws for societies who are building approved projects under social housing programs. These advances are repaid at substantial completion of each project from financing arranged with private lenders. Societies are charged interest at the Province's weighted average borrowing rate for short-term funds, plus administration costs.

The Provincial Treasury provides funding to the Commission for the purpose of advancing loans for construction. These loans are secured and bear interest at the Province's weighted average borrowing rate for short-term funds. The Commission has the authority to borrow up to a maximum of $165 million from the Provincial Treasury.

4. MORTGAGES RECEIVABLE

The Commission periodically continues to hold construction financing mortgages receivable after construction completes. In all but rare situations, these mortgages are tendered for take-out financing provided by private sector financial institutions within twelve months of the construction completion date. These mortgages are secured by property and bear interest of up to 3.95%. (fair value - $1,292,000; 2009 - $75,287,000)

5. PROPOSAL DEVELOPMENT ADVANCES

Loan advances are made to sponsoring societies for needs studies, incorporation and site development costs. These are secured non-interest bearing advances and are normally repaid upon project completion or remain outstanding for three years, at which time they are written-off. An allowance is established for the value of advances outstanding whenever there is uncertainty about projects proceeding to the final commitment stage. An allowance was not considered necessary for the current year or prior.

6. CAPITAL ASSETS

	Cost	Accumulated depreciation	2010 ($000's) Net book value	2009 ($000's) Net book value
Computer software	$ 22,677	$ 15,795	$ 6,882	$ 6,768
Computer hardware	5,618	4,151	1,467	2,105
Tenant improvements	10,138	5,396	4,742	5,272
Office furniture	3,442	2,466	976	1,070
Office equipment	649	599	50	70
Vehicles	661	390	271	208
Grounds equipment	321	225	96	63
	$ 43,506	$ 29,022	$ 14,484	$ 15,556

7. DEFERRED REVENUE

These funds are restricted contributions received in advance of related expenditures that are incurred in the following fiscal year.

	2008 ($000's)	Contributions Received ($000's)	Revenue Recognized ($000's)	2010 ($000's)
Provincial Contributions	$ 26,035	$ 399,013	$(390,738)	$ 34,310
Canada Mortgage and Housing Corporation	14,292	252,216	(165,245)	101,263
Other Agencies	3		(3)	-
	$ 40,330	$ 651,229	$(555,986)	$ 135,573

The Social Housing Agreements Reserves (Note 11) represent further restricted contributions from Canada Mortgage and Housing Corporation of a long term nature.

8. DUE TO PROVINCIAL RENTAL HOUSING CORPORATION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The advances are non-interest bearing with no set terms of repayment. Provincial Rental Housing Corporation is a Crown corporation managed by the Commission.

9. SOCIETY FUNDS HELD ON DEPOSIT

These funds represent the balance of mortgage advances held to cover various non-profit society construction and soft costs required to complete their projects. Interest accrues on the society funds at the Province's weighted average borrowing rate for short term funds.

10. GRANTS RECEIVED IN ADVANCE OF CONSTRUCTION

The Commission receives funds from the Province and Canada Mortgage and Housing Corporation (CMHC), the use of which is restricted to the construction of specific social housing projects.

	Balance, beginning of year ($000's)	Grant received ($000's)	Construction costs incurred ($000's)	Balance, end of year ($000's)
Project Grants	$ 79,245	$ 60,053	$ (112,703)	$ 26,595
Provincial Economic Stimulus Fund	-	45,887	(45,887)	-
CMHC – Economic Stimulus Fund	-	17,225	(17,225)	-
CMHC – AHI Extension	-	7,521	(7,521)	-
CMHC – Phase 1	163	-	(47)	116
CMHC – Phase 2	4,009	-	(4,009)	-
Ministry – Other	808	-	(406)	402
	$ 84,225	$ 130,686	$ (187,798)	$ 27,113

11. SOCIAL HOUSING AGREEMENT RESERVES

The funds are available to offset future cost increases in the federal social housing portfolio due to inflation and changes in interest rates, or losses on loans owing by third parties. The funds are restricted under the Social Housing Agreement for only these purposes.

	2010 ($000's)	2009 ($000's)
Balance, beginning of year	$ 18,157	$ 24,075
Funds applied	(147)	(1,432)
Investment income (loss)	4,101	(4,486)
Balance, end of year	$ 22,111	$ 18,157

12. CHANGES IN NET ASSETS

	Invested in capital assets ($000's)	Unrestricted ($000's)	2010 ($000's)	2009 ($000's)
Balance, beginning of year	$ 15,556	$ (14,083)	$ 1,473	$ 1,382
Excess of revenue over expenses for the year	(7,682)	7,708	26	91
Addition to capital assets	6,610	(6,610)	-	-
	$ 14,484	$ (12,985)	$ 1,499	$ 1,473

13. GRANTS IN LIEU OF TAXES

The Commission, on behalf of the Province and CMHC, pays each municipality a grant equivalent to gross property taxes due for all residential properties and projects managed.

14. COMMITMENTS

a. The Commission has minimum rental obligations under operating leases for office space over the next five fiscal years as follows:

	($000's)
2011	$ 4,212
2012	4,160
2013	3,991
2014	3,891
2015	3,987

b. The Commission has sign ificant contractual obligations with not for profit housing societies for the provision of annual subsidies. These contracts are reviewed annually to evaluate the level of commitment.

15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Commission acquires goods and services from the Province and certain crown corporations, under prevailing trade terms.

These statements do not include the capital cost of the projects, which are owned by Provincial Rental Housing Corporation (PRHC). Separate financial statements are prepared for PRHC which is a Crown corporation managed by the Commission.

16. CONTINGENCY

Building Envelope Failure
In response to industry concerns and experience regarding building envelope failure, the Commission undertook a systematic review of non-profit and co-operative owned buildings and directly managed buildings under its administration. Buildings included in the study are part of the Federal/Provincial housing portfolio. The Commission received preliminary estimates for the cost of remediation for a number of projects.

Substantially all of the buildings have been examined. The costs, subject to confirmation through detailed engineering studies or actual repairs, are estimated at $205.1 million. Repairs to non profit and co-operative owned buildings will be undertaken by housing sponsors in the future and the resulting expenditures, if accepted and approved, will be cost-shared with CMHC and the Province based on various program funding formulae. Requests for funding of the repairs will be included in annual budgets and reimbursed based on actual costs incurred.

Letters of Guarantee
As at March 31, 2010, the Commission was contingently liable with respect to letters of guarantee totalling $1,544,110 for municipal development cost charges.

17. FINANCIAL INSTRUMENT RISKS

The Commission, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31 , 2010.

a. Credit Risk
Credit risk is the risk that the Commission will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Commission to credit risk consist primarily of cash and short term investments, accounts receivable, mortgage receivables and construction loans. The Commission has an investment policy to ensure investments are managed appropriately to secure the preservation of capital and the availability of liquid funds. The Commission has also retained two qualified investment firms to invest surplus funds in accordance with its investment policy. The majority of receivables are due from federal and provincial agencies. Mortgage receivables are secured by property and are generally held for short periods (see note 4). Construction loans are also secured by property and repaid at substantial completion of project (see note 3).

b. Foreign Exchange Risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission is not exposed to foreign exchange risk as all securities are denominated in Canadian dollars.

c. Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Construction loans bear interest at the Province's weighted average borrowing rate, but these loans are short term. Investments bear some interest rate risk but these risks are mitigated through the diversification of the portfolio.

d. Market Risk
Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market (see note 2 - financial instruments).

e. Liquidity Risk
Liquidity risk is the risk that the Commission will not be able to meet its obligations as they fall due. The Commission maintains adequate levels of working capital to ensure all its obligations can be met when they fall due (see note 2 - financial instruments).

18. CAPITAL DISCLOSURES

The Commission considers its capital to be its net assets. Its restricted net assets consist of amounts invested in capital assets (see note 12). The Commission's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide services. Annual budgets are developed and monitored to ensure the Commission's capital is maintained at an appropriate level.

As a. Crown corporation, the Commission cannot incur an annual or cumulative deficit without the prior approval of the Minister of Housing and Social Development.

19. SUBSEQUENT EVENT

On April 1, 2010, the licencing and compliance activities of the Homeowner Protection Office became the responsibility of BC Housing. The value of the net assets transferred to BC Housing was $2.8 million.

20. COMPARATIVE AMOUNTS

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation

Financial Statements

Provincial Rental Housing Corporation

Financial Statements March 31, 2010

Provincial Rental Housing Corporation

Financial Statements March 31, 2009

Statement of Management Responsibility

The financial statements of the Provincial Rental Housing Corporation (the Corporation) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available at May 19, 2010. The financial statements have also been reviewed by the Audit and Risk Management Committee and approved by the Board of Directors.

Management maintains systems of internal controls designed to provide reasonable assurance that assets are safeguarded and that reliable financial information is available on a timely basis. These systems include formal written policies and procedures, careful selection and training of qualified personnel and appropriate delegation of authority and segregation of responsibilities within the organization. An internal audit function independently evaluates the effectiveness of these internal controls on an ongoing basis and reports its findings to management and the Audit and Risk Management Committee.

The financial statements have been examined by independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present the Corporation's financial position, results of operations, changes in net assets and cash flows in accordance with Canadian generally accepted accounting principles. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit and Risk Management Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Management Committee, comprised of a director who is not an employee, meets regularly with the external auditors, the internal auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Commissions. The Audit and Risk Management Committee also recommends the appointment of external auditors to the Board of Directors. The external auditors have full and open access to the Audit and Risk Management Committee, with and without the presence of management.

Shayne Ramsay
President

Dan Maxwell
Chief Financial Officer

May 19, 2010

Auditors' Report

To the Shareholder of
Provincial Rental Housing Corporation

We have audited the Statement of Financial Position of the Provincial Rental Housing Corporation as at March 31, 2010 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the Corporation·s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free cif material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Provincial Rental Housing Corporation as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, British Columbia
May 7, 2010

BDO Canada LLP

BDO Canada LLP
Chartered Accountants & Advisors
600 Cathedral Place – 925 West Georgia Street
Vancouver, British Columbia
V6C 3L2

Statement of Financial Position

Provincial Rental Housing Corporation

As at March 31	2010 ($000's)	2009 ($000's)
ASSETS		
Investment in properties (Note 3)	$ 739,717	$ 621,656
Debenture subsidy receivable	910	839
Due from British Columbia Housing Management Commission (Note 4)	14,177	11,808
Cash	1	1
	$ 754,805	$ 634,304
LIABILITIES		
Long-term debt (Note 5)	$ 205,856	$ 210,557
Interest payable	532	551
Unearned lease revenue	87,883	89,934
Funding in advance of construction (Note 6)	28,744	16,550
Deferred contributions (Note 7)	180,686	78,012
Property sale deposit (note 9)	20,000	20,000
	$ 523,701	$ 415,604
NET ASSETS	$ 231,104	$ 218,700
	$ 754,805	$ 634,304

On behalf of the Board

Director Director

See accompanying notes to the financial statements

Statement of Operations

Provincial Rental Housing Corporation

Year Ended March 31	2010 ($000's)	2009 (000's)
REVENUE		
Directly managed debenture subsidy	$ 13,351	$ 13,458
Group home mortgage subsidy	8,964	9,092
Contribution revenue	4,934	5,037
Lease revenue	1,724	2,051
Gain on sale of property	1,438	17
	$ 30,411	$ 29,655
EXPENSES		
Interest on long-term debt	$ 12,224	$ 13,250
Depreciation	9,664	8,922
Group home and self insurance claims	1,275	1,531
	23,163	23,703
Excess of revenue over expenses for the year	$ 7,248	$ 5,952

See accompanying notes to the financial statements

Statement of Changes in Net Assets

Provincial Rental Housing Corporation

Year Ended March 31	Invested in Properties ($000's)	Group Home Replacement Reserves (000's)	Self Insurance Reserves (000's)	Unrestricted (000's)	2010 (000's)	2009 (000's)
Balance, beginning of year	$ 243,153	$ 5,850	$ 11,697	$ (42,000)	$ 218,700	$ 187,219
Excess of revenue over expenses for the year	(3,730)	-	(1,274)	12,252	7,248	5,952
Additional funding for year	-	211	514	(725)	-	-
Transfer of internally restricted reserves from BCHMC	-	-	-	-	-	16,932
Other funding received	7,370	-	-	(7,370)	-	-
Transfer for repayment of debt	13,343	-	-	(13,343)	-	-
Transfer from province for investment in properties	5,156	-	-	-	5,156	8,597
Balance, end of year	$ 265,292	$ 6,061	$ 10,937	$ (51,186)	$ 231,104	$ 218,700

See accompanying notes to the financial statements

Statement of Cash Flows

Provincial Rental Housing Corporation

Year Ended March 31	2010 ($000's)	2009 ($000's)
Cash flows provided by (used in)		
OPERATING ACTIVITIES		
Excess of revenue over expenses (expenses over revenue)	$ 7,248	$ 5,952
Adjustments to determine cash flows:		
Depreciation	9,664	8,922
Amortization of unearned lease revenue	(2,051)	(2,050)
Amortization of deferred contributions	(4,934)	(3,865)
Gain on sale of property	(1,438)	-
Change in non-cash working capital	(90)	(17)
	$ 8,399	$ 8,942
INVESTING ACTIVITIES		
Property acquisitions	$(129,943)	$ (90,689)
Proceeds on sale of property	3,655	490
	$(126,288)	$ (90,199)
FINANCING ACTIVITIES		
New financing	$ 8,642	$ 3,742
Long-term debt repayment	(13,343)	(9,803)
Funding in advance of construction	12,194	(2,600)
Property sale deposit	-	20,000
Deferred contributions	107,608	14,425
Property acquisition contribution receipts	5,157	25,529
Due to/from British Columbia Housing Management Commission	(2,369)	29,964
	$ 117,889	$ 81,257
Increase in cash	-	-
Cash, beginning of year	1	1
Cash, end of year	$ 1	$ 1
Supplemental cash flow information		
Interest received	84	404
Interest paid	$ 12,243	$ 13,267

See accompanying notes to the financial statements

Notes to the Financial Statements

Provincial Rental Housing Corporation
March 31, 2010

1. GENERAL

The Provincial Rental Housing Corporation was incorporated under the Company Act of the Province of British Columbia in 1961 . The Corporation is wholly owned by the Province, and is an agent of the Crown. The Corporation is exempt from federal and provincial income taxes.

The Corporation holds property for social and other low cost housing for the Province. It also holds land under long-term leases to housing sponsors. The subsidized rental housing units of the Corporation are managed and operated by the British Columbia Housing Management Commission (the "Commission"), which is a Crown agency that records the related rental revenue and is responsible for all of the operating and administrative activities and related costs. Separate financial statements are prepared for the Commission.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Use of Estimates
In preparing these financial statements management has made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The service life of buildings require the greatest degree of estimation. Actual results could differ from those estimates.

Investment in Properties
The Corporation capitalizes its investment in properties at cost and depreciates its buildings on the straight-line method over 25 years. Betterments to a building are capitalized and amortized over the remaining service life of the building. Construction in progress is not subject to depreciation until the project is complete and transferred to buildings.

Property Leases
The Corporation leases property used for housing projects to housing sponsors. These sixty-year leases are prepaid by the housing sponsors when the housing projects are completed and ready for occupancy. The Corporation amortizes the lease revenue over the term of each lease and records the unearned portion as unearned lease revenue.

Deferred Contributions
Funding received from the Province used for acquisition of depreciable capital assets is recorded as deferred contributions and is recognized as a recovery in the statement of operations equal to depreciation charged on related depreciable capital assets.

Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to net assets invested in properties when the related assets are acquired.

Net Assets Invested in Properties
For some social housing projects and group homes, the Province provides grants to the Corporation for a portion of the construction costs. The Corporation records the portion of the grant relating to land as Net Assets Invested in Properties when the projects are completed.

From time to time, the Corporation disposes of property purchased for social housing projects that cannot proceed due to various circumstances. The proceeds from these sales are applied against the cost of purchasing alternate sites as appropriate. Any surplus or deficiency resulting from those sales is credited or charged to revenue.

Financial Instruments
The Corporation's financial instruments consist of debenture subsidy receivable, due from BC Housing Management Commission, cash, long-term debt and interest payable. These financial instruments are accounted for as follows:

Loans and receivables The Corporation has classified the following financial assets as loans and receivables: debenture subsidy receivable and due from BC Housing Management Commission. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. Given the shortterm nature of these items their carrying value equates to their fair value.

Other financial liabilities The Corporation has classified the following financial liabilities as other financial liabilities: longterm debt and interest payable. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon de-recognition or impairment. The fair value of interest payable equates its carrying value. See Note 5 in regard to fa ir value of long-term debt.

New Accounting Pronouncements
Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Corporation, are as follows:

Future Accounting Framework The Corporation is currently classified as a "government Not-for-Profit Organization" for financial reporting purposes under Generally Accepted Accounting Principles ("GAAP"). In March 2010, the Public Sector Accounting Board ("PSAB") released the exposure draft "Financial Reporting by Government Not-for-Profit Organizations," in which they propose that government NPO's follow the Public Sector Accounting ("PSA") Handbook with the incorporation of the existing 4400 series (the 4400 series are the existing not-for-profit GAAP standards). This proposed change would apply beginning in the Corporation's March 31 , 2013 year-end, but would also be applied to comparative figures in that year. PSAB is proposing to incorporate the 4400 series without substantive modification at this time. Currently, the Corporation reports based on the 4400 series layered upon accounting standards used by the private sector. With the proposed change, the underlying framework would instead become PSAB, meaning that where the 4400 series did not specifically address a financial reporting matter PSAB would apply. The impact on the Corporation's future financial reporting has yet to be determined, but it is expected to be modest.

3. INVESTMENT IN PROPERTIES

	Cost	Accumulated depreciation	2010 ($000's) Net book value	2009 ($000's) Net book value
Land	$ 435,931	$ -	$ 435,931	$ 428,446
Buildings	296,840	127,886	168,954	157,818
Construction in progress	134,832	-	134,832	35,392
	$ 867,603	$ 127,886	$ 739,717	$ 621,656

4. DUE FROM BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

Amounts represent funds advanced for the acquisition and development of properties under social housing programs. The amounts are non-interest bearing with no set terms of repayment.

5. LONG-TERM DEBT

	2010 ($000's)	2009 ($000's)
Canada Mortgage & Housing Corporation (CMHC) Debenture mortgages repayable at the end of each year, maturing between the years 2024 and 2027, bearing interest at rates from 4.35% to 14.25%, and secured by unregistered first mortgages on properties of the Corporation (Fair value - $120,659; 2009 - $139,076)	$ 94,863	$ 100,539
Chartered banks and CMHC Mortgages repayable monthly over terms of up to 35 years, bearing interest at rates from 0.44% to 8%, and secured by registered first mortgages on properties of the Corporation (Fair value - $16,110; 2009 - $114,239)	$ 110,993	110,018
	$ 205,856	$ 210,557

Fair values were estimated by calculating the present value of the future mortgage payments discounted at the March 31'" 2010 yield of the Government of Canada benchmark bond plus 50 basis points.

The aggregate principal repayments required in each of the next five fiscal years are estimated to be as follows:

	($000's)
2011	$ 39,722
2012	21,466
2013	22,055
2014	19,965
2015	28,604
Thereafter	74,044
	$ 205,856

6. FUNDING IN ADVANCE OF CONSTRUCTION

This balance represents construction funding received from various Provincial ministries in advance of property acquisition and construction of non-profit housing and group homes. Interest does not accrue on funds received.

7. DEFERRED CONTRIBUTIONS

	2010 ($000's)	2009 ($000's)
Balance, beginning of year	$ 78,012	$ 67,452
Receipts	106,883	14,425
Amortization	(4,209)	(3,865)
Balance, end of year	$ 180,686	$ 78,012

8. RELATED PARTY TRANSACTIONS

a. Insurance
The Corporation does not insure most of its rental housing properties. Instead property losses are compensated by the Province through the Commission and, for certain properties, by CMHC.

b. Directly Managed Debenture Subsidy
Directly managed debenture subsidy represents funds received from the Commission for the principal and interest costs of the long-term debt related to directly managed properties.

c. Group Home Mortgage Subsidy
Group home mortgage subsidy represents the funds received from the Commission for mortgage payments to chartered banks and CMHC.

d. Administration and Financing
The Commission acts as agent in administering and financing the operations and capital projects of the Corporation. No administration costs are charged to the Corporation for such services performed.

9. PROPERTY SALE DEPOSIT

The Corporation made a commitment to sell its Little Mountain property in 2008. The date of transfer of the property is conditional upon zoning approval by the City of Vancouver. The transfer will result in a material gain on sale, the amount of which will not be determinable until the title to the property is actually transferred.

10. FINANCIAL INSTRUMENT RISKS

The Corporation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at March 31, 2010.

a. Credit Risk
Credit risk is the risk that the Corporation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Corporation to credit risk consist primarily of the funds due from the Commission (note 4).

b. Foreign Exchange Risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is not exposed to foreign exchange risk.

c. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is subject to interest rate risk on its long term debt portfolio. The Corporation mitigates this risk by maximizing its borrowing from CMHC and seeking competitive interest rates from financial institutions. The Corporation is also able to mitigate short term interest rate changes through the Commissions ability to borrow directly from the Provincial Treasury.

d. Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Corporation is not exposed to market risk.

e. Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Commission administers the finances of the Corporation and maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

11. CAPITAL DISCLOSURES FOR NOT-FOR-PROFITS

The Corporation considers its capital to be its net assets invested in properties, group home replacement reserves, self insurance reserves and unrestricted net assets. The Corporation's objectives when managing its capital are to safeguard its ability to continue as a going concern so it can continue to provide housing services. Annual budgets are developed and monitored to ensure the Corporation's capital is maintained at an appropriate level.

As a Crown corporation, the Corporation cannot incur an annual or cumulative deficit without the prior approval of the Minister of Housing and Social Development.

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